

Department of Social Protection

Compliance & Anti-Fraud
Strategy 2014 – 2018

Annual Report 2016 &
Annual Target Statement 2017



An Roinn Coimirce Sóisialaí
Department of Social Protection

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Foreword by Minister

This is the third annual report on the Department's activities under the Compliance and Anti-Fraud Strategy 2014-2018.

It provides an account of how the Department performed over the past year in pursuing its goals of reducing incidents of fraud and non-compliance.

The Department of Social Protection touches upon the lives of virtually every family and household in the State. It delivers supports from Child Benefit to Jobseekers' payments to the State pension. For that reason, and particularly when resources are tight, it is essential that we meet the central objective of paying the right person the right amount of money at the right time.

While accepting that the overwhelming majority of people who are supported by the Department claim and receive what they are legitimately entitled to receive, I share concerns that the volume of payments made on an on-going basis mean that we are susceptible to those who will attempt to exploit the best efforts of officials to prevent non-compliance and fraud.

It is vital, therefore, that the integrity of the social welfare system that has been built over the past 70 years is protected. Actions to secure this integrity and to ensure reasonable and fair measures must be supported. This is a shared task and in the interests of all that social welfare fraud is tackled forcefully.

A clear and strategic approach in preventing and detecting social welfare fraud underpins the work of the Department and is in everyone's interest. I have seen some of the work undertaken by staff members at first hand. The type of work is complex, intensive and very necessary and must be supported.

This report offers an opportunity to look inside the work of the Department and the tasks undertaken by staff as they go about their daily business. These tasks involve supporting members of the public in accessing their entitlements and ensuring that in times of need, a well-structured and funded response is available. Tasks are designed to assure the public that the funds they have entrusted to the Department are properly applied and where wrongful or fraudulent claiming is detected, that appropriate sanctions are pursued.

Leo Varadkar
Minister for Social Protection
June 2017

Introduction

The Department of Social Protection serves every person in the State. Specific schemes of support are designed and delivered for families, people in employment, people who are unemployed, people with illnesses and disabilities, carers and older people. In more recent times, the Department has expanded its remit to provide a range of services to employers. To this end, it has invested significantly in developing its employer relationship capacity to position the Department as a partner of first choice for employers in relation to recruitment and employment support services.

Overall, the Department has three main functions:

- Delivery of income support and services;
- Activation of customers of working age; and
- Control of fraud and abuse.

SCALE OF SERVICES

The scale of the Department's operations and expenditure demands that a robust and integrated range of control measures are in place to protect taxpayers' monies, to ensure that both individuals and their families get their correct entitlements and that effective measures are in place to detect and prevent fraud.

The Department administers over 70 separate schemes and services which affect the lives of almost every person in the State. In 2016, it spent €19.2 billion in social welfare payments and provided income support to nearly 1.6 million people each week. In addition last year:

- » Some 1.7 million applications for benefit, assistance and access to schemes were received and processed;
- » Over 82 million individual payments were made to people across all age groups and to employers; and
- » 600,000 public service cards were issued and personal public service numbers were allocated to 170,000 people.

Our strategic objectives are set out in the Compliance and Anti-Fraud Strategy which covers the period 2014 – 2018. The Strategy has three overarching aims:

- » to stop fraud entering the system in the first place;
- » to increase the likelihood of finding incorrect or fraudulent claims and quickly correcting these; and
- » to strengthen the sanctions where fraudulent activity is detected.

In this regard, the Department developed plans to put in place an anti-fraud public awareness campaign in April 2017 to remind people of their obligations when in receipt of a social welfare payment and to highlight the role of members of the public in supporting the efforts to identify and combat fraud. This is part of a number of information campaigns on customer entitlements, rights and responsibilities currently being run by the Department.

This report provides an overview of implementation of the Strategy and the key outcomes for 2016. The targets for 2017 across the various areas of operations are set out at the end of the report.

SOME KEY OUTCOMES FOR 2016

- Nearly 950,000 customer claims were reviewed to ensure the rates of payment were correct and were based on current entitlements and customer information;
- Savings totalling some €506 million, or over 99% of the annual target of €510 million, resulted from these reviews;
- Overpayments of benefit and assistance amounted to €110 million in 2016, compared with €115 million in 2015
- The Department recovered €82 million in overpayments representing 92% of the target recovery figure of €90 million for the year;
- 440 cases were considered for prosecution with 359 cases submitted to the DPP and Courts; and
- Three fraud and error surveys were completed and the results published.

2. Measures to detect and deter fraud and abuse

The Department recognises that the vast majority of its customers, who receive a social welfare payment, do so legitimately. Overpayments of benefit and assistance payments can arise in a number of situations. For example, they can arise through customer error, where a person is receiving a payment from the Department and a change occurs in their financial circumstances, family make-up or employment status which may mean that they are no longer entitled to a payment or the same level of payment. The Department does not classify such overpayments as fraud.

Welfare fraud arises where a person deliberately and knowingly provides false or misleading information to the Department in order to gain financial benefit or assistance.

Some examples of fraud include:

- » Continuing to receive payments in respect of a child who is no longer in the care of the family;
- » Failure to register a death or to notify the Department of the death of a pensioner and pension payments continue to be collected;
- » Failure to inform the Department of cash deposits in banks and/or credit unions or where cash or property is inherited;
- » Failure to tell the Department when a person gets married or starts living with a partner;
- » Leaving the country and failing to tell the Department while continuing to receive some social welfare payments;
- » Discontinuing with an educational course and failing to tell the Department while continuing to receive financial support to study;

- » Using another person's identity to claim benefits; or
- » Working 'cash in hand' and continuing to claim a jobseeker's payment.

The prevention, detection and deterrence of social welfare fraud requires constant vigilance. Given the scale of the services provided and the level of payments made by the Department, a broad range of measures are deployed to detect and deter fraud. The following sections detail some of the measures currently in use by the Department.

PROOF OF IDENTITY – persons applying for, or re-establishing an entitlement, are required to register for a Public Services Card (PSC) to verify their identity. In addition to the benefits to customers in accessing services, the PSC is used as a measure to prevent multiple identities being used to access schemes and payments.

VALIDATION AND VERIFICATION OF INFORMATION - original documentation is required across schemes to verify information provided by customers. All officials have a responsibility to verify documents used as evidence to prove entitlement.

SPECIAL INVESTIGATIONS UNIT – an experienced, trained and dedicated team of investigation officers are in place, supported by officers of 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.

SOCIAL WELFARE INSPECTORS – these are Department Officials authorised to review and investigate claims for social welfare 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.

EXAMPLE 1 - USING SOCIAL MEDIA TO SUPPORT INVESTIGATIONS

The Department successfully prosecuted a person for failure to notify changes in his circumstances which had an impact on the rate of payment they should have received. The fact that the person had entered into a civil partnership in Northern Ireland was discovered from a posting on Facebook. Further investigations confirmed the facts with the Northern Ireland authorities. Since discovery of the facts, the man agreed to repay the €2,400 overpaid. The man was convicted and fined €250 in the District Court.

DATA-MATCHING - data on social welfare customer and payments are systematically and periodically matched against other data sources. This includes data received from external bodies and agencies to identify possible inconsistencies in information provided to the Department by persons when making a new claim or re-establishing an entitlement to a ongoing payment. Information is exchanged in line with the appropriate legislative provisions.

PUBLICITY – the Department takes every opportunity to remind claimants to report changes in their circumstances and to remind them of the need to ensure that the information held by the Department is current. This involves the issue of frequent review requests, publicity at Intreo Centres and information at help desks.

REPORTING FROM MEMBERS OF THE PUBLIC - using the Department’s confidential facility on www.welfare.ie/cheats, any person may anonymously report their concerns about what they perceive as wrongful claiming by another person.

FRAUD AND ERROR SURVEYS – these are targeted surveys of a random sample of between 600 and 1,000 claims in payment on selected schemes. The methodology and outcomes allow the Department to identify risks with the operation of schemes and to put in place improved measures to reduce to eliminate identified risk.

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 resources.

EXAMPLE 2 - TARGETED REVIEWS

Using the data analytics tool and known fraud risk factors, 15 projects were undertaken by SIU officers in 2016. One project involved 50 cases where the customers were in receipt of Disability Allowance in County Sligo.

Each of the 50 cases was subject to review to ensure compliance with scheme eligibility and conditions. It was determined that one-quarter of the cases required updated information to be provided. Total savings from payment adjustments were in excess of €60,000. Of nine cases where overpayments were assessed, seven related to absences from the State without notification to the Department. One person was found to have taken up self-employment; one other case had failed to adequately declare investment interests, while another person's spouse had returned to work reducing the entitlement due. Overall savings from these projects are estimated at €175,000. Four investigations are continuing.

RECOVERY OF OVERPAYMENTS – where an overpayment of benefit or assistance occurs, the Department seeks the recovery of the full amount by deducting instalments from ongoing weekly payments or requires direct payments to be made where a social welfare payment is no longer in place. The Department initiated processes to make 65 attachment orders on income and bank accounts during 2016; 56 orders were complied with before attachment; €188,000 was realised in four attachments of bank balances and just under €15,000 was realised in respect of five attachments to earnings.

PROSECUTIONS – the Department may prosecute a person where there is evidence that fraud has been committed.

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 where this is part of the eligibility conditions.

Prevention

REVIEW OF ENTITLEMENTS

The Department conducted nearly 950,000 claim reviews during 2016. Reviews consisted of desk-based assessments of customer claims, face-to-face interviews with customers by investigators, home visits, audits of employers' PRSI records, specialist investigations and self-declarations by customers. Reviews arise from both targeted and random case selections and where specific information comes to the attention of inspectors. Targeted cases are generally based on factors such as where a person or their spouse is earning an 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 time elapsed since previous review and information received from other agencies or members of the public.

Arising from this work, a total of €506 million in control and anti-fraud savings were realised last year, of which the Special Investigation Unit (SIU) achieved approx. €70.6 million. This represents 99% of the overall target set for 2016. Control and anti-fraud savings represent the value of overpayments assessed and future expenditure avoided as a result of investigative and control work carried out across the range of schemes administered by the Department. They are used as a performance indicator for year-on-year activities.

EXAMPLE 3 - ENSURING EMPLOYER COMPLIANCE WITH PRSI

In the course of investigating a query regarding PRSI records it transpired that an incorrect rate of PRSI contribution had been applied over several years by the employer. The employer reviewed the PRSI deductions for the other staff with similar conditions of employment. An assessment of underpaid PRSI was calculated and the employer made a full payment totalling over €350,000 to the Department.

In the course of another inspection, an employer was found to have made more than one annual return in respect of PRSI at the wrong class in respect of a number of employees. The employer had to pay €21,000 to the Department as a result of this mistake.

REPORTS OF SUSPECTED FRAUD BY THE PUBLIC

Reports of suspected fraud from members of the public form an important tool in the efforts to prevent and detect fraud. Welfare fraud can be anonymously reported in a variety of ways. The Department provides a dedicated service on its website www.welfare.ie/cheats to enable reports of suspected fraud to be made. Reports are also encouraged by writing to, calling to any of the Department's offices or by phoning the Department at 01-6734545.

- » Nearly 20,800 reports were processed by the Department over the course of 2016
- » Of these, 16,950 (82%) were received online and 2,700 by phone (13%), the balance were received by post.
- » The highest proportion of reports relate to jobseekers, supplementary welfare allowance and one parent family payments and to suspected cases of working and claiming, co-habitation and non-residency.

Around 72% of the 2016 reports contained sufficient information to warrant concern and these are sent for further examination and investigation (some reports result in more than one investigation having to be undertaken).

The remaining 28% 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.

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 be in receipt of financial support from the Department when returning to work - and while remaining in work - under schemes such as

Family Income Supplement (FIS) and the Back to Work Family Dividend. In 2016, over 145,000 people were correctly in receipt of a social welfare payment which they were working and it is important that these are recognised as legitimate and appropriate supports. The FIS payment alone supported 57,000 lower income families during 2016, while approximately 59,700 workers with casual forms of employment were entitled to receive some level of weekly payment from the Department.

EXAMPLE 4 - REPORTS OF SUSPECTED FRAUD BY THE PUBLIC

Following an anonymous tip-off, the SIU and Revenue inspected the site of a building renovation where 15 people were identified as being employed. Five employees were identified as receiving payments they were not entitled to receive from the Department. The total savings realised was €59,000. The employer was required to regularise his sub-contracting arrangements and to register with the Revenue Commissioners. The employer and the employees were advised of their obligations to ensure their practices were regularised.

SPECIAL INVESTIGATION UNIT (SIU)

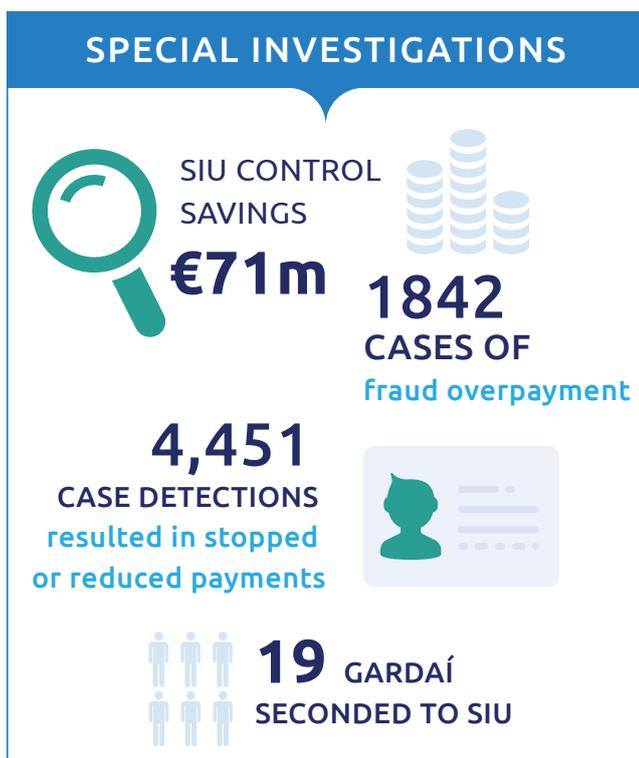
The Department’s Special Investigation Unit carries out a wide range of control activities and projects to investigate social welfare fraud. In particular, it concentrates on the hidden economy, in sectors where social welfare fraud is most prevalent, with an emphasis on direct intervention and engagement. Among the outcomes achieved in 2016 by the Special Investigation Unit were:

- » Control savings of nearly €71 million were generated.
- » 4,451 case investigations resulted in social welfare payments being stopped or reduced and 1,842 cases where fraud overpayments were detected.
- » The secondment of 19 Gardaí to the Department to assist the SIU with fraud investigation continued during 2016. In serious cases of identity fraud or multiple claiming of social welfare payments, the Gardaí assigned to the Department were actively engaged in the detection and prosecution of such cases.

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.

SPECIAL INVESTIGATION UNIT OUTCOMES 2014 TO 2016

Year	Cases with savings outcomes	Target	Total Savings	Cases assessed with o/ payments	Value of O/ payments assessed
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



SIU - KEY FUNCTIONS

- Ensures a national and strategic response to high risk sectors and social welfare schemes where fraud is prevalent;
- Identifies those sectors of the economy where the risk of fraud is most prevalent and conducts comprehensive investigations;
- Undertakes a series of targeted national projects aimed at the prevention and detection of social welfare fraud in high risk sectors, schemes and client cohorts;
- 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, detection of social welfare abuse in conjunction with other areas of the Department involved in fraud and control work.

INTERAGENCY COLLABORATION

The Department has formed alliances and developed mutual assistance agreements with a range of enforcement and compliance agencies including the Revenue Commissioners, the Workplace Relations Commission and the Irish Nationalisation and Immigration Services. Undertaking joint initiatives and knowledge sharing projects helps to maintain a high level of intelligence on emerging areas of fraud.

Interagency collaboration with the Revenue Commissioners to prevent and detect social welfare fraud and tax non-compliance remains a key priority. To this end, the High Level Group between DSP and Revenue continued to prioritise and progress issues of mutual strategic interest and met regularly throughout the year.

EXAMPLE 5 - IDENTIFYING UNREGISTERED WORKERS

In November 2016 a number of inspectors from the Department and the Revenue Commissioners, supported by seconded Garda officers, undertook road-side checkpoints. These were designed to identify persons in commercial vehicles who, potentially, were not declaring their real income or making proper tax and PRSI returns.

A checkpoint in Galway identified a number of irregularities after interviewing 80 drivers and passengers in commercial vehicles. The fraud detected mainly related to working and claiming, working for cash and failure to properly register for PRSI. Ten cases were under active investigation at year end.

At operational level, there is structured and ongoing liaison between both the Revenue Commissioners and the Department of Social Protection through the operation of the Joint Investigation Units. The focus of these units in 2016 was specifically on the shadow and hidden economies and the construction sector.

The Department is actively engaged in data-sharing arrangements with other bodies, as provided for under social welfare 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 occurs under strict data-sharing arrangements.

The implementation of the Department's robust client registration and identity continued during 2016. The roll-out of the Public Service Card (PSC) has added a further strategic dimension to tackling identity fraud. By the end of 2016, the Department had issued 2.35 million PSCs and had developed a new online identity and access management facility (MyGovID) that utilises the Standard Authentication Framework Environment (SAFE) which was established to underpin the PSC process.

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 continuance and enhancement/expansion of the existing policy as well as the consultative, administrative and operational arrangements between the various social protection and social security systems.

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.

Arrangements to improve co-operation between both jurisdictions were put in place in 2016. These include enhanced cooperation to facilitate information validation of entitlements of UK and Northern Ireland citizens and in streamlining access to schemes in this State and vice versa for Irish nationals in the UK and Northern Ireland. These improved arrangements are underpinned by enhanced data sharing to prevent identity fraud and cross-jurisdictional claiming.

EXAMPLE 6 - CROSS-BORDER IDENTITY FRAUD

Resulting from an investigation undertaken, at the request of the Department of Work and Pensions in the UK, it was established that an individual had been fraudulently using five identities of Irish citizens. Detailed witness statements were provided by SIU Investigators which confirmed that the identities had been stolen. The amount of fraud detected over a protracted period was valued at £500,000.

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 Registrar's Office in this jurisdiction.

PUBLIC SERVICES CARD

The Public Services Card (PSC) has been introduced to enable individuals gain access to public services more efficiently and with a minimum of duplication of effort, while preserving privacy and security. During 2016, over 600,000 cards were issued bringing to 2.35 million the number of cards issued by the end of the year. The PSC considerably reduces the potential for identity theft, forgery and fraudulent use through the inclusion of a photograph, signature and better security features. The PSC offers significant protections against welfare fraud using a robust identity registration process involving documentary evidence, background database checks, face-to-face questioning, biometric capture and facial image matching.

Facial matching software has been in use since March 2013 and it assists in detecting and deterring duplicate registrations by matching customer photographs against existing photographic records to identify if a person has already registered with the Department. Where a match or a potential match is identified, an investigation is undertaken.

EXAMPLE 7 – IMPACT OF FACIAL RECOGNITION SOFTWARE

Since its introduction, more than 135 cases of suspected social welfare fraud have been detected using facial recognition technology. A number of these cases have already reached the Courts and investigations are ongoing in a number of others.

A woman who fraudulently claimed more than €30,000 in the name of another person was given a three year suspended sentence in 2016. The fraud came to light in 2015 when the woman applied for a PSC in her own name and the facial recognition software matched her to another family member's claim.

At the time of sentencing, the Court was told that three-quarters of the money had been paid and the remainder is being repaid by regular instalments.

The **MyGovID** service was rolled out during 2016 and is now in use by several Government Departments and State Agencies to authenticate customers online. 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.

The Department also launched its own online service portal - **MyWelfare.ie** - during 2016. The portal enables users to access services on-line. The range of services available will expand during 2017.

PREDICTIVE ANALYTICS

In late 2014, the Department commenced the development of predictive analytics modelling on Jobseekers, One Parent Family Payment and Disability Allowance – the three main working age schemes managed by the Department.

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

At the end of 2016, predictive analytical models were in place for Jobseekers payments, One Parent Family payments and Disability Allowance payments. Risk-based reviews are now in place for these schemes aimed at identifying potential cases which have been determined to have a higher risk of wrongful or fraudulent claiming. Models are also being developed for other schemes and for deployment within the SIU to support focused anti-fraud projects.

WHAT IS PREDICTIVE ANALYTICS?

Analytics involves the analysis of current and historic data to make predictions of events of (future) interest. It uses statistical techniques, including data mining, to create risk models and score cases. The work involves the analysis of large amounts of data to uncover complex patterns which are used to identify potential fraud and non-compliance. Existing information is used to build analytics models which are designed to increase the detection rate of possible non-compliant claims. Each month, the models identify cases for investigation/review by the Department's inspectors which have the potential to be non-compliant/fraudulent.

In respect of One Parent Family payments, some 3,000 cases have been referred for investigation through the application of analytics. Just over 2,000 of these reviews had been finalised at the end of 2016 indicating non-compliance issues in 25% of the cases with savings amounting to €3.7 million.

In the case of jobseekers, in excess of 5,000 cases were selected for investigation. Non-compliance rates of up to 30% have been identified with average savings of nearly €5,000 per case.

For Disability Allowance, some 1,300 cases had been identified for review during 2016. Data on the outcome of reviews completed to date indicate that non-compliant rates for the selected cases are in the order of 24%, consistent with OFP and jobseekers, while savings of €2.2m had been realised at the end of 2016.

The application of analytics has resulted in the Department developing an:

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

In terms of a return on investment, the analytics project has generated over €17.8 million in control and anti-fraud savings up to the end of 2016. This compares to a contract cost of just under €1.7 million (when software and hardware costs are included).

FRAUD & ERROR SURVEYS

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 statistically relevant 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 2016, surveys were finalised on the Household Budget scheme for persons receiving support where no other benefit, assistance or pension payment was being made, and also on Family Income Supplement and Farm Assist ¹. The results of these surveys were published at various stages during 2016 and are subject to ongoing validation by the Comptroller and Auditor General.

Three surveys are also due for completion in 2017 – State Pension Contributory; Supplementary Welfare Allowance and Carer’s Allowance.

¹ See survey reports and results at links below:

Farm Assist: [https://www.welfare.ie/en/downloads/Farm-Assist-Fraud-and-Error-Publication-Version\(2\).pdf](https://www.welfare.ie/en/downloads/Farm-Assist-Fraud-and-Error-Publication-Version(2).pdf)

Household Benefits: [https://www.welfare.ie/en/downloads/HHB-Fraud-and-Error-Publication-Version\(2\).pdf](https://www.welfare.ie/en/downloads/HHB-Fraud-and-Error-Publication-Version(2).pdf)

Family Income Supplement: <https://www.welfare.ie/en/downloads/FIS-Fraud-and-Error-Published-Version251116.pdf>

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. 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 - COMBATTING “WELFARE TOURISM”

Provisions in the Social Welfare and Pension Act 2012 authorise social welfare inspectors to question individuals who are preparing to embark or who have landed off an air or ferry service. The inspectors can request passengers to produce documentation in order to prove that they are legitimately claiming benefits.

Inspections are conducted to identify ‘welfare tourism’ on foot of information discovered by or made known to the Department. For example, during 2016, a person made frequent flights to Spain where they were resident for much of the year. They also claimed Disability Allowance while abroad which is not consistent with the rules of the scheme. An overpayment of €6,000 is currently being repaid.

Data matching is viewed as an efficient and effective mechanism to identify cases where investigations should be undertaken. It is an important preventative and detection control

measure. On a systematic basis, the Department undertakes a number of data matches with other Government Departments and Agencies, including with the Department of Work & Pensions in the UK and Northern Ireland with respect to pension matters. This involves both sending and receiving information to partner agencies. Bodies include:

- » Revenue Commissioners
- » Irish Prison Service
- » Third Level Institutions
- » General Register Office (GRO)
- » Commission on Taxi Regulation
- » HSE – Nursing Home Support Scheme – (Fair Deal Scheme)
- » Probate Office
- » Private Residential Tenancies Board
- » The Private Security Authority

EXAMPLE 9 - DATA SHARING TO ENHANCE CUSTOMER ACCESS TO SUPPORTS

The Department receives UK pension information annually on pensioners living in Ireland. This enables those pensioners to receive a “top-up” non-contributory State pension where they have an entitlement.

The information is used to ensure that UK and Irish pension payments take account of each other and ensure that overpayments are minimised.

MONITORING OF RISKS

As part of the ongoing assessment of threats, risks and opportunities, the Department conducted a review of the implementation of its Compliance and Anti-Fraud Strategy during 2016. The review examined claim processing, investigation, management and control activities to put in place improvements to identify any new trends in fraudulent or wrongful claiming.

Ten seminars were also organised for staff members. Each seminar looked at issues including key internal and external control processes with a view to identifying risks or new and emerging areas of fraud.

The outcome of these seminars will inform the focus of control activities in 2017 and thereafter. The major themes emerging from the seminars were:

- » Development of further tools and support for staff to undertake improved risk-based decision-making;
- » Continued need for further integration of the Department's IT systems given the scale of business and range of schemes;
- » Control projects focusing on casual jobseekers;
- » The lack of sufficient deterrents to prevent fraud;
- » The need for improvements in the content and range of channels used by the Department to communicate with customers; and
- » Staffing and resource issues, including the retention of expertise and the need to be vigilant in terms of emerging threats and risks.

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 family living needs are met.

OVERPAYMENTS RAISED IN 2016

In 2016, overpayments of some €110 million were raised in respect of approximately 76,000 separate cases. The value of overpayments recorded decreased by 4.5% in 2016 compared to 2015. The average value of overpayments was €1,400, similar to 2015. Total expenditure on the Department's programmes and schemes in 2016 was €19.2 billion. Overpayments as a percentage of total expenditure were of the order of 0.5%.

The value of overpayments attributable to fraud fell from €49 million in 2015 to €41m in 2016

– a decrease in some 16%. The proportion of overpayments resulting from fraud fell to 37% of total overpayments from 42% in 2015 and similar levels in previous years. Overpayments from Departmental error fell to 2% of total overpayments, the lowest level recorded for a number of years. Two-thirds of all overpayments recorded related to jobseekers' payments.

Overpayments of benefit or assistance which are categorised as fraud result from deliberate and wilful actions that mislead the Department into making payments to which a person was not entitled to in the first place. In some cases, a customer may misunderstand the rules of a particular scheme or delay bringing important information to the attention of the Department. In these cases it may be difficult to conclude that the customer deliberately failed in their responsibilities and this is classified as customer error. Staff of the Department can also make mistakes and this can lead to overpayments. This is classified as Departmental error.

Value of overpayments recorded by category: 2012 to 2016

	2016	2015	2014	2013	2012
	€m	€m	€m	€m	€m
Customer Fraud	€41.0	€49.0	€52.5	€61.9	€41.0
Customer Error	€46.7	€46.0	€49.8	€43.6	€35.8
Customer Estate	€20.0	€17.4	€17.1	€15.0	€12.6
Departmental Error	€2.3	€2.9	€5.0	€6.7	€7.6
Total	€110.0	€115.3	€124.4	€127.2	€97.0

Number of overpayments recorded by category: 2012 to 2016

	2016	2015	2014	2013	2012
Customer Fraud	16,225	21,407	27,437	27,489	20,700
Customer Error	54,674	55,536	56,975	49,693	40,800
Customer Estate	615	499	477	464	413
Departmental Error	4,965	4,157	6,044	7,056	5,000
Total	76,479	81,599	90,933	84,702	66,913

The personal representative of a person who dies is required to notify the Department of the death and to provide the Department with a statement

EXAMPLE 10 - NOTICE OF ATTACHMENT TO EARNINGS APPLIED

A person pleaded guilty to claiming €25,713 in illness benefits while he was working. The money is being recouped at the rate of €80 per week from deductions being made by his employer, following an order attaching the man's earnings that was served by the Department. A probation report was also furnished to the court and a fine of €500 was imposed.

of assets and liabilities in settling the deceased person's estate. Where it is discovered that the deceased person was overpaid during their lifetime, these overpayments are categorised as Estate cases. Some €20 million was assessed during 2016; €19.8 million of this related to payments made during a person's lifetime to which they were not entitled to receive. Just €200,000 related to payments made in the days following the death of a person which was subsequently repaid.

The main factors giving rise to fraud overpayments in 2016 are set out in this table

Details of overpayment raised during 2016	Number of cases	Value Overpaid €m	Share
Means/income/ earnings not disclosed	1,695	21.08	51%
Working & claiming - not unemployed	7,707	5.47	13%

Absent from State	298	2.84	7%
Claimant in employment/training	3,802	2.30	6%
Dependant in employment/training	561	1.56	4%
Cohabiting	166	1.44	4%
Not entitled to payment	321	0.99	2%
Impersonation	40	0.97	2%
Increase in means/income/ earnings	301	0.79	2%
Other reasons	1,335	3.60	9%
Total	16,225	€41.00	100%

DEBT MANAGEMENT

By the end of 2016:

- » €30.8m or 28% of the overpayments raised in 2016 had been repaid in full;
- » Repayments are being made on €27.9m or 25% of the overpayments; and
- » €37.2m or 34% are pending recovery.

Approximately €9.5 million (9%) of overpayments raised in 2016 remained subject to appeal and other review processes at the year end. Overpayments raised in 2016 and prior years with a value of €4.6 million were written-off as non-collectable during the year due for example to the likely financial hardship that would result for a family, the person has moved abroad or died.

Value of overpayments recovered: 2012 to 2016				
2016 €m	2015 €m	2014 €m	2013 €m	2012 €m
82.0	82.5	86.3	70.7	53.4

At the end of the year, approximately half of the overpayments raised in 2016 had been repaid to the Department and repayments were being made on a further 14%. The remaining overpayments are either new overpayments raised near the end of the calendar year where recovery had not commenced by year-end or cases 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 clearance for the distribution of their estate in advance from the Department. Overpayments of social welfare payments, mainly pension, were assessed to have been made in respect of 615 deceased customers in 2016, valued at €20 million. Of these, overpayments of €19.8 million were assessed in respect of 462 customers relating to the payment of benefit and/or assistance prior to death. The average value of these cases was €42,000.

In the case of the remaining 153 customers, all were paid some level of benefit and/or assistance after their death. The value of these overpayments was €0.2 million with an average value of €1,600.

VALUE OF OUTSTANDING DEBT DUE TO THE DEPARTMENT

Effective debt management is a key part of the overall control work of the Department. Since the introduction of improved systems and processes at the end of 2014, the Department has made steady progress in ensuring that persons who have been overpaid benefit/assistance make an ongoing contribution to the recovery of their debts 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 2016, customer debt was valued at €482.5 million in respect of 191,660 individual debts involving some 174,000 people. One-third of the value of all overpayments outstanding is more than seven year old.

OUTSTANDING CUSTOMER OVERPAYMENTS - END DECEMBER 2016

Overpayments raised	Value Outstanding at end of 2016	Share	Related to Individual Debts
During 2015 & 2016	121.2m	25%	62,420
Between 2010 and 2014	198.6m	41%	79,848
Before 2010	162.6m	34%	49,392
Total	482.5m	100%	191,660

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 11 - CONVICTED FOR CLAIMING AND WORKING

A self-employed hairstylist avoided prison by repaying €18,000 which was fraudulently claimed over a two-year period in the name of another person. The case was investigated by Gardaí seconded to the Department.

The person claimed a jobseeker's payment in another person's name. The person in whose name the claims were falsely made had no knowledge of the matter. The fraud came to light when separate claims were made by the innocent party and it was realised that their identity has been used. The monies claimed were repaid in full.

During 2016, 181 criminal and 18 civil cases were referred to Chief State Solicitor's Office (CSSO) for criminal prosecution. An additional 160 cases were referred by the SIU/An Garda Síochána to the DPP for direction. At the end of 2016, 605 cases (criminal and civil) were in the courts system at various stages of the process.

Our policy is to prosecute serious fraud cases. These cases arise where large sums are wrongfully claimed or where forged documents or identities are used in an attempt to get a payment from the Department. While the Department can take prosecutions under social welfare legislation, serious cases are referred to An Garda Síochána for prosecution under criminal justice legislation.

EXAMPLE 12 - COURT OF APPEAL UPHOLDS CONVICTION

In January 2016, the Court of Appeal upheld a sentence imposed by the Dublin Circuit Criminal Court. The sentence of three years imprisonment was imposed on foot of theft and fraud offences relating to an indictment of six counts of social welfare fraud with the balance of 436 other counts being taken into consideration. The maximum sentence that was available to the judge in the Circuit Court was ten years imprisonment. The sum defrauded using several false identities was disputed but calculated by the Department at over €97,000. (contd. overleaf)

The person convicted was involved in seeking and obtaining jobseeker’s allowance, jobseeker’s benefit, supplementary welfare allowance, rent allowance, family income supplement for various periods between January 2009 and February 2015.

Two grounds of appeal were identified. The first was that the judge should have considered a partial suspension of the sentence and, secondly, that the sentence was disproportionate.

The Appeal Court held that given the seriousness of the offences, particularly the long period over which it occurred, the sentence that was selected by the judge in the Circuit Court fell within the range of available sentences and the appeal was dismissed. The person convicted remained in prison during 2016 and had yet to commence repayment of the monies defrauded by the end of the year.

The Department finalised 188 cases in Court during 2016 (these related to offences committed under the Social Welfare (Consolidation) Act 2005 and do not include cases referred to the DPP for prosecution under the Criminal Justice (Theft and Fraud Offences) Act 2001). The value of overpayments in these cases was just over €3 million.

Of the 188 cases finalised, the following outcomes were achieved:

- » A prison sentence was imposed in 4 cases;
- » Suspended sentences were imposed in 17 cases;
- » Fines of varying amounts were imposed in 108 cases, ranging from €50 to €7,500;
- » The Probation Act was imposed in 36 cases where the overpayment had been repaid in full;
- » Payments to charities or the poor box was ordered in sixteen cases ranging from €200 to €5,000; and
- » Various other Court sanctions were imposed.

The number of cases sent for prosecution has increased steadily in recent years.

Cases referred for prosecution: 2012 to 2016					
	2012	2013	2014	2015	2016
Social Welfare Act	158	198	201	202	181
Criminal Justice Act	84	68	115	151	160
Total	242	266	316	353	341

The Department commenced a review of its overall policy for selecting and taking prosecutions at the end of 2016. The objective of this work is to ensure that the Department's general policy on taking prosecutions remains fit for purpose. The review will take account of the recently revised Guidelines and a Code of Ethics issued by the Director of Public Prosecutions and a range of other factors. It is expected that the review will be finalised in mid-2017.

EXAMPLE 13 - COURT ALLOWS TIME TO REPAY BEFORE SENTENCING

The District Court was told of an investigation by the Department of Social Protection regarding a woman who had moved outside the EU to work for a multi-national company in 2011. She continued to claim Child Benefit against the terms of the scheme. In all, she had claimed over €15,000.

When the woman returned to work in Ireland, the fraud was uncovered by the Department. Sentencing in the case was postponed to allow the woman time to fully repay the amount claimed. The accused pleaded guilty in Court and was ordered to make a donation of €500 to a charity and to repay the full amount. In November 2016, the Court was informed that the overpayment was repaid in full and a donation had been paid. The case was struck out.

Priority areas for 2017

The Department’s priorities for 2017 will continue to build on the progress and outcomes achieved in the implementation of the Strategy to date.

Proof of identity	Roll-out an additional 650,000 PSC and target schemes where claimants have not completed the SAFE registration process.
Special Investigations Unit	Continue work on identifying instances of hidden economic activity (in conjunction with other agencies) and direct investigations.
	Pursue suspected cases of identity fraud resulting from public reports and internal system detections.
	Undertake site visits and inspections on key employers in specific risk sectors, with a particular focus on construction sites.
	Target investigation of high-value fraud resulting from examination of financial data.
	Continue to investigate cases of welfare tourism and where cases of non-habitual residence in the jurisdiction are identified.
	Undertake joint case investigations with other social security agencies on cross-jurisdictional social welfare fraud. Promote mutual assistance with a cross-border dimension.
Reviews/investigations	Conduct at least 950,000 reviews during 2017 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.
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 DSP schemes. Expand the number of focused projects undertaken by the SIU.

Reporting of Suspected Welfare Fraud by the Public	Undertake a publicity campaign during 2017 on welfare fraud and increase public awareness and reporting of welfare fraud.
Fraud and error surveys	Publish three surveys during the course of 2017. These will include State Pension (Contributory), Supplementary Welfare Allowance and Carers' Allowance. Work will commence on surveys of the Back to Work Enterprise Allowance and the State Pension (Non-Contributory) during the year.
Recovery of overpayments	Reduce level of overpayments and raise recovery level to target of €90 million by end 2017.
Prosecutions	Refer at least 400 cases to DPP and Courts for prosecution during 2017. Conduct and publish a review of the Department's prosecution's policy and update associated guidelines for staff.

Compliance and Anti-Fraud Strategy 2014 – 2018

Pillar	Area of Activity	Target 2016	Outcome 2016	Target 2017
Prevention/ Detection	Control Savings of which achieved by the Special Investigation Unit (SIU)	€510m €75m	€506m €70.6m	€510m €75m
	Control Reviews Undertaken	One million reviews	948,216 reviews	950,000
	Public Service Cards (PSC) issued	3 million PSCs to be issued by end 2017	600,000 cards issued	650,000
	Predictive Analytics Modelling	Work on Jobseekers, OFP and DA models progressed and piloted. OFP model in operation		Refine models for OPF, DA and Jobseekers. 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.
	Fraud & Error Surveys	Completion of 4 surveys: and State Pension Contributory. Carers Allowance & SWA surveys commenced.	Farm Assist, FIS, HHB completed and published. Surveys of State Pension Contributory. Carers Allowance & Supplementary Welfare Allowance Schemes commenced.	Complete and publish surveys of State Pension Contributory. Carers Allowance & Supplementary Welfare Allowance Schemes. Commence surveys of State Pension Non-Contributory & Back to Work Enterprise Allowance.
Debt Recovery/ Deterrence	Overpayments recovered	€90m	€82.5m	€90m
	Prosecutions submitted	400 cases	Total 359 cases - 199 cases to Chief State Solicitor's Office (CSSO) 160 cases to DPP	400 cases – 150 referrals to DPP & 250 to Chief State Solicitors' Office