

**Department of Social Protection**

**Fraud Initiative - 2011-2013**

**Progress Report – 2012**

## **A. *Introduction***

In September 2011, Minister Burton launched the Department's *Fraud Initiative (2011-2013)*. It aims to significantly reduce fraud and abuse and reinforces the rights and responsibilities of customers as well as improving public perceptions about the security of the social welfare system.

The Initiative recognises the value of the Department working closely and collaboratively with other agencies to ensure that social welfare abuse is comprehensively deterred and detected. A key priority is the active policing of the hidden economy and those sectors where there is a prevalence of social welfare fraud and abuse.

Since the launch of the Initiative over a year ago significant progress has been made across a number of fronts. This paper sets out the progress made under the following headings:

1. Control Savings & Reviews;
2. Fraud & Error Surveys;
3. Public Services Card;
4. Enhanced Legislation;
5. Data Matching;
6. Reporting fraud and abuse;
7. Recovery of overpayments;
8. Prosecutions;
9. Special Investigation Unit; and
10. Predictive Risk Analytics Project.

Further details in relation to these areas are set out below.

## **B. *Progress & Outcomes***

### **1. Control Reviews and Savings:**

The control targets for 2012 were:

- €645m of control savings to be achieved; and
- 985,000 reviews of claims to be carried out.

At the end of 2012:

- €669m control savings were recorded as achieved, and
- over 1 million reviews were carried out.

## 2013 Control Savings Targets

- The savings target for 2013 is €710 million. This target will be reviewed mid-year. Control savings are an estimate of the value of the various control activities across the schemes in payment. Control savings refer to future expenditure that would have been incurred but for this control work. Without this control work the social welfare expenditure would over time increase by this amount. Control savings are used as a performance indicator for year-on-year activities.

### Lifestyle & Assets Operation

As a result of a joint Department of Social Protection/Revenue profiling operation, a number of individuals were investigated by the Joint Investigation Unit. Based on the investigations undertaken, it was evident that their lifestyle and assets were not commensurate with social welfare dependency. The cases investigated produced very high value outcomes and highlighted serious social welfare abuse as well as the merits of joint investigative work between the Department and Revenue. Of the cases concluded, significant undisclosed assets were detected. This included property purchases made in cash, the purchase of land, as well as significant undisclosed capital held in a variety of financial institutions. The savings from this project amounted to in excess of €200,000.

### Multi Agency Vehicle Checkpoint (MAVC)

On a MAVC, a social welfare customer in receipt of Illness Benefit was interviewed. He was driving a van with the name of a food supply company on the side. He stated that he was not working but doing a relative a favour by dropping two boxes off to another delivery driver at another location. A Special Investigation Unit (SIU) officer examined an invoice book, which showed a number of deliveries on other dates by him. The claim for Illness Benefit was suspended.

## 2. Fraud and Error Surveys:

Fraud and Error Surveys were published on three schemes in 2012 - One Parent Family Payment, Disability Allowance and Jobseeker's Benefit and a Child Benefit Survey was published in 2013. These highlight the risk of non-compliance with the rules of the schemes being surveyed at a particular point in time. The various recommendations from the surveys are then rolled out by the relevant scheme areas.

Results are presented in terms of the *net rate of fraud and error*. The net rate refers to the position after account is taken of decreases in weekly rate, increases in weekly rate, terminations of payment, transfers to other payments and the position following appeal of any cases affected. The following are the results of the most recent fraud and error surveys:

### **Disability Allowance – Published 2012**

The net cost of fraud and error in the claims surveyed was found to be 2.1% of expenditure. Of this 1.2% related to suspected fraud and 0.9% related to error. In the case of disability allowance medical changes were recorded to the value of 2% in the final survey results.

### **One Parent Family Payment – Published 2012**

The net cost of fraud and error in the claims surveyed was found to be 2.7% of expenditure. Of this 2.3% related to suspected fraud and 0.4% related to error.

### **Jobseekers Benefit – Published 2012**

The net cost of fraud and error in the claims surveyed was found to be 1.6% of expenditure. Of this 0.1% related to suspected fraud and 1.5% related to error.

### **Child Benefit – Published February 2013**

The net cost of fraud and error in the claims surveyed was found to be 0.5% of expenditure. Of this, 0.5% related to suspected fraud and 0.0% related to error.

The surveys are available at <http://www.welfare.ie/EN/AboutUs/Pages/fraudanderrorsurvey.aspx>. A further survey on Jobseeker's Allowance began in September 2012 and results are expected by the end of March 2013.

Further surveys are planned for 2013, including Invalidity Pension, Illness Benefit and Supplementary Welfare Allowance.

### **3. Public Services Card:**

The roll-out of the Public Service Card (PSC) is well underway and will continue for a number of years. Some 100,000 persons in 2012 were registered for a PSC and the target for 2013 is some 600,000. From the Department's perspective, as well as combating identity fraud, the PSC will replace cards currently in use, such as the Social Services Card and the Free Travel Card, with a highly secure card.

The robust face to face registration process, leading to issue of a PSC incorporating photograph and signature, gives significant assurance as to the identity of the cardholder. There are three main benefits:

- It will reduce the number of people who fraudulently claim to be someone else,
- It will be a secure card and will considerably reduce the potential for forgery, and
- It will save some of the time currently spent re-verifying an individual's identity each time a member of the public tries to access a public service.

#### **Identity Operation**

A joint Garda and Special Investigation Unit investigation resulted in a major detection of identity and welfare fraud. The assistance of the Dutch Social Security Agency (UWV) was instrumental in assisting the Department in apprehending and detecting this fraud. The person concerned had used the identity of a Dutch national and produced a variety of false documents in support of claims and other transactions. Using false identity he claimed and was paid Jobseekers Allowance and Rent Allowance. He also married in Ireland using this false identity and his spouse was allowed to remain in the State on the basis of being married to an EU Citizen. The individual was arrested by Gardaí and the file has been referred to the DPP.

#### **Operation Filter**

An operation was undertaken by the Department's SIU and Client Identity Service. The aim of the operation was to identify cases and claims where fraudulent identities were potentially being used for the purposes of claiming social welfare payments. Following an in-depth examination of suspect claims, profiles were built up on those cases that exhibited specific characteristics. Resulting from the operation, a total of 36 social welfare payments were stopped and disallowed. The total savings from this project were **€550,000** of which **€330,000** was from the suspension and disallowance of payments and **€220,000** resulting from overpayments assessed.

#### 4. Enhanced Legislation:

The Social Welfare & Pension Act 2012 included three specific provisions to enhance and support fraud and control measures as follows:

- Provision was made to allow for social welfare inspectors to exercise certain functions at **ports and airports** so as to identify individuals who are suspected of entering the jurisdiction solely for the purposes of continuing to claim social welfare payments to which they are not entitled (i.e. colloquially known as ‘welfare tourism’). This provision is a very helpful addition in tackling this type of social welfare fraud and it is also considered that it will have a significant deterrent impact on this type of practice.
- **A power of enquiry to landlords** by social welfare inspectors and designated persons (former community welfare officers) where a rent supplement is being paid was provided. The measure is designed to ensure an enhanced level of control of the rent supplement scheme.
- Provision was also made for the introduction of additional **identity and authentication measures** for the purposes of making a claim for a social welfare payment or an application for a PPS number or a Public Services Card.
- The Social Welfare Act 2012 included a provision to increase the recovery amounts from individuals who have a social welfare debt and are in receipt of a payment from the Department. (see section 7 below).

#### Value of Intelligence:

As a result of intelligence received, SIU investigated a Jobseekers Allowance claim which was paid into to a bank account each week. Using the powers of Social Welfare Inspectors at ports and airports under Section 16 (b) of the Social Welfare Consolidation Act (2005), the individual was observed in the airport on a number of dates. The individual was then observed signing on at a social welfare local office. He was arrested near the office by Gardaí and was subsequently charged under Section 6 (1) (2) of the Criminal Justice (Theft and Fraud Offences) Act 2001. Under caution he admitted to living in another jurisdiction since mid-2009. The file is with the DPP.

#### 5. Data Matching:

Systematic and regular data matching exercises on both internal systems and with external agencies are on-going. These include the following:

- Revenue Commissioners
- Irish Prison Service
- Third Level Institutions
- General Register Office (GRO)
- Commission on Taxi Regulation
- Department of Work & Pensions (UK State Pensions Match)
- Probate Office

The Department continues to improve the efficiency of its processes to examine the data which it receives. For example the commencement of employment information received from the Revenue

Commissioners is now processed on a weekly basis. In addition procedures are in place to suspend payments quickly where customers fail to respond to queries in relation to the commencement of employment notification.

In addition, in relation to the Special Investigation Unit (SIU), the following specific data matches have been undertaken:

- Gardaí Crime Branch European Arrest Warrants;
- UWV Dutch Illness Benefit cases; and
- Irish National Immigration Service.

#### **Student Data Match:**

People who are attending a full time course of study are not eligible for certain social welfare payments. Under regulations third level institutions are obliged to supply the Department with details of students registered for full-time daytime education. For the 2011/12 academic year, data was received from 57 individual colleges (third level colleges and I.T.'s and PLC courses) approximately 14,000 cases were referred for follow up. The data is used as a trigger for an investigation to establish the facts. Savings of almost €890,000 were recorded as a result of the cases investigated

#### **Data Match on Intention to Marry**

Details of 'Intention to Marry' notifications from the General Registrar's Office were received. A number of cases for investigation were identified. Examples of the outcomes in two cases are:

- In case one, the person initially denied that they had registered an intention to marry, and then subsequently called to withdrawn her OFP claim.
- In the other case, the person was not at home when initially contacted but later advised that she was away for a few days. This coincided with the intention to marry date. When asked had her circumstances changed, she said no. When asked about the GRO intention to marry, she said she did not think it would affect her OFP in they did not intend to live together after the marriage. Subsequently she withdrew her claim.

### **6. Reporting Fraud and Abuse:**

Enhanced access channels - both online and dedicated phone lines - are available to citizens who wish to report incidences of welfare fraud. All anonymous or confidential reports are examined and where relevant, are referred for follow-up action. A payment is not suspended or stopped solely on the basis of an anonymous report. The anonymous report, however, may be a "trigger" for the instigation of a review of a customer's entitlement.

A total of 28,022 reports were dealt with by the Department's Control Division from January - December 2012:

- In 18,306 cases a report of suspected fraud was sent to the relevant area for examination as some clients were in receipt of more than one payment please see scheme breakdown below.
- In 9,716 of the cases received in 2012 it was not possible to issue a report due to lack of information, no claim being in payment or the information reported would not impact on entitlement.

## **2011 Vs 2012:**

The breakdown of anonymous reports dealt with in Control Division in 2011 and 2012 is as follows.

<b>Type of report</b>	<b>Jan-Dec 2011</b>	<b>Type of report</b>	<b>Jan-Dec 2012</b>
Working and Claiming	7,430	Working and Claiming	11,900
Cohabitation	4,474	Cohabitation	6,955
Outside Ireland	876	Outside Ireland	1,362
Employer issue	491	Employer issue	794
Other	3,646	Other	7,011
<b>Total</b>	<b>16,917</b>	<b>Total</b>	<b>28,022</b>

\* It should be borne in mind that while there is often a perception of fraud, when a case is examined, the individual may be doing something that is allowed under the rules for the particular payment to which they are in receipt. For example, a person maybe working and receiving a One Parent Family payment and provided their earnings are within the scheme limits and the Department is aware of the situation then receipt of the payment is legitimate.

In a sample survey of anonymous reports received almost 16% of the reports analysed resulted in control savings. This is considered conservative in that there are on-going investigations in some of the surveyed cases.

### **7. Recovery of Overpayments:**

The Department is proactively targeting persons with overpayments to ensure all persons who have a social welfare overpayment are making a contribution towards the repayment of the debt outstanding.

The Social Welfare Act 2012 included a provision to increase the recovery amount from individuals who have a social welfare debt and are in receipt of a payment from the Department. The Department was constrained through legislation in relation to the amount it could recover from a customer's current payment (there was a difficulty with recovery of overpayments where the relevant deduction would bring a person's welfare payment below the relevant Supplementary Welfare Allowance (SWA) rate). The amount recoverable in most cases was €2 per week (when a debt holder would not consent to greater deductions). The new provisions allow for greater recovery levels of up to 15% of the personal rate without consent (which in case of a person receiving €188 per week would increase the amount recoverable to up to €28 per week).

Further ways to increase overpayment recoveries are actively being examined. In 2011, the total overpayments recorded amounted to €92.4m in respect of just over 63,000 overpayments. €51.5m was the amount recovered in 2011. 2012 figures will not be available until audited by the C&AG later in 2013.

#### **Recovery from an estate:**

In this case an Old Age/State Pension Non Contributory pension was awarded from 1986. The claimant died in 2009. On examination of the Schedule of Assets, undisclosed capital of over €110,000 was discovered. An overpayment of €56,000 approximately was assessed and a refund was requested from the Solicitor before distribution of the Estate. A refund was made by cheque.

## 8. Prosecutions:

It is the Department's policy to consider for prosecution cases of fraud against the social welfare system. The Department ensures that all cases that merit prosecution are forwarded for consideration of legal proceedings. In considering, or when referring, cases of social welfare fraud for legal proceedings the Department applies defined and recognised best practice standards. This includes the duration of the fraud, amount overpaid, previous incidences of social welfare fraud etc.

- 675 cases were in the courts system (i.e. on hand with the Chief State Solicitor/Local State Solicitor) at end of 2012, at various stages of the process.
- During 2012 161 were referred to Chief State Solicitor's Office (CSSO) for criminal prosecution; and a further 84 cases were referred to An Garda Síochána for consideration of prosecution under Criminal Justice Legislation.

### **Jailed for social welfare fraud**

A repeat offender with previous fraudulent overpayments was targeted for SIU surveillance. Following a thorough investigation, he was found to be concurrently working and signing from 25/4/2005 to 24/3/2009 with a resultant overpayment of **€34,500**. In court he was found guilty of defrauding the Department and the judge fined and sentenced him to prison for 6 months.

### **Prosecution for non-residency**

An individual in receipt of Jobseekers Allowance was the subject of an exhaustive SIU investigation that determined he had regular lengthy absences from the State and the case culminated in a prosecution. He was found guilty on 3/7/2012 of defrauding the Department in that he claimed Jobseekers Allowance while out of the State. He was fined €1,200 and sentenced to prison for six months in respect of each of two charges, both to run concurrently

## 9. Special Investigation Unit (SIU):

The Unit's function is exclusively to deal with investigating social welfare fraud. Its operations are targeted towards planned and systematic control activity and projects. The approach taken is frequently reviewed and is regularly adjusted to concentrate on the areas of greatest risk, based on its operational experience and credible information received from industry and business sectors. The units work jointly with Revenue, National Employment Rights Authority (NERA), and the Gardaí. High visibility operations by the unit are regularly and systematically undertaken. Total control savings in excess of €63m were generated from the Unit's fraud control activities in 2012.

The following are examples of some of its activities that yielded substantial savings:

- A series of national projects were undertaken by the unit including targeting persons who were suspected of no longer being resident in the State and claiming social welfare payments resulting in over 466 detections.
- A project focusing on identity and multiple claiming of social welfare payments.
- A project focusing on self-employed operatives resulted in 50 detections.

### **Operation Credit**

Following an exchange of data with Revenue, a total of 382 self-employed operatives with a finance provider were examined to establish if there were issues with regard to concurrent working and claiming or non-disclosure of income. Thus far, investigations have fully been concluded in 50 cases with overpayments and savings of approx. €750,000 having been identified.

### **Non Residency Project**

Persons in receipt of certain payments (mainly social assistance payments) are obliged to be resident in the State. Based on the Department's operational experience an incidence of non-residency in the State of small minority social welfare claimants has been and is being detected. Targeted reviews, including home visits by social welfare inspectors and in particular by the SIU are systematically undertaken. There were a total of 466 detections arising from this project with savings of approx. €5m in 2012.

## **10. Predictive Risk Analytics Project:**

In line with commitments in the Fraud Initiative 2011- 2013, the Department recognises that fraud investigation and control can be assisted through the application of a range of new technologies.

In this context, the Department has concluded a predictive risk analytics project, the objective of which was to establish whether fraud investigation and control can be enhanced through the application of such technology and models. The project will help inform any future decisions with regard to any further application and business development of this technology. Results from the pilot will be available in early 2013.

### **Garda National Immigration Bureau (GNIB) card project**

A group of customers obliged to hold a valid Garda National Immigration Bureau (GNIB) card were reviewed. The project focused on non-residency and expiration of GNIB cards. Overall:

- A total of 342 cases were examined generating savings of €1.1m.
- There were with 36 terminations.
- Overpayments amounted to €0.274m.

## **C. Fraud Initiative - Monitoring & Governance**

In terms of the overall monitoring and governance in relation to the Fraud Initiative, it should be noted:

- The Department's Management Board exercises a critical oversight of the Initiative and its implementation.
- The operational implementation of the Initiative and the progress made are reviewed on a quarterly basis by the Department's senior management group with responsibility for control activity. The group is chaired by the Assistant Secretary with responsibility for control.

- In conjunction with Revenue, a High Level Group consisting of senior management from both organisations meets quarterly and reviews progress on those elements of the Initiative where there are issues of mutual interest. This includes information and data exchange, tax and PRSI compliance and policing the shadow economy.
- The effectiveness of all Departmental control policies and activities are measured on a monthly basis by a range of performance indicators. The number of reviews undertaken and savings generated are collated each month and measured against established target metrics.

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*Control Division*  
*Department of Social Protection*

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