Cherish House
2 Lower Pembroke Street, Dublin 2
Tel: 01 662 9212
Email: info@onefamily.ie
www.onefamily.ie
OneFamilyIreland @1familyireland

Department of Social Protection's Reporting of Control Savings

Context

There are three possible causes of irregular payments in the welfare system, fraud (dishonest intent), customer and/or third-party error and departmental error.

According to an audit carried out by the Comptroller and Auditor General (C&AG), fraud and error in the Irish welfare system was *estimated* to be between 2.4% and 4.4% in 2010 (C&AG, 2011).[1] This would seem to place it in a comparable position with the UK (2.7%), New Zealand (2.7%) and Canada (3-5%).[2]

In 2010 the total overpayments in the welfare system amounted to €83.4 million, of which €25.9 million was flagged as suspected fraud. This suggests that in 2010 error accounted for roughly 69% of overpayments.[3] Recent figures provided by the Minister of Social Protection put customer error at €42.4 million, estate cases[4] at €9.9 million and departmental error at €5.2 million.[5]

The Performance Indicator - Control Savings

"Control savings" is an internal performance indicator on the effectiveness of the Department of Social Protection's (DSP) control measures, which has become a publicly quoted figure when the DSP wishes to report its efforts to reduce suspected fraud and error.

The C&AG report states that the Department counts a control saving where:

- The control activity results in a decision to change the rate of payment and the incorrect rate arose from customer fraud or error that was not reported to the Department by the customer

---

[1] Office of the Comptroller & Auditor General, (2011), Accounts of the Public Services 2010 Vote Management *Report of the Comptroller and Auditor General, Volume 2*

[2] National Audit Office (2006) *International Benchmark of Fraud and Error in Social Security Systems*, Report by the Comptroller and Auditor General, July 2006

[3] Office of the Comptroller & Auditor General. (2011), op cit., pp 471-472

[4] "A further category of overpayment case — referred to as estate cases — is based on the method of discovery of the overpayment. This usually arises where mandatory returns made to the Department in the course of processing of the estates of deceased individuals reveal circumstances (usually undisclosed means) that indicate that the individuals concerned may not have been entitled to some or all of the welfare payments made to them. By convention, the Department does not categorise such cases as fraud/suspected fraud." Comptroller & Auditor General (2010), Accounts of the Public Service 2009 Vote Management *Report of the Comptroller & Auditor General, Vol. 2*, pg. 438.

[5] Joan Burton (2012), *Dáil Éireann Debate*, Vol. 756, No. 3, Pg. 135. Available at <http://debates.oireachtas.ie/dail/2012/02/22/00135.asp>. Accessed on 26th March 2012

Cherish House
2 Lower Pembroke Street, Dublin 2
Tel: 01 662 9212
Email: info@onefamily.ie
www.onefamily.ie
OneFamilyIreland @1familyireland

- The claim has been terminated within four weeks of the control activity and the claimant has not transferred to another scheme
- The claim was in payment at the time of the control activity (C&AG, 2011: 510).

The C&AG sought to establish that the control savings figure generated by the DSP was adequately evidence-based. It examined first whether the savings claimed were consistent with the Department's criteria as stated above, and secondly it assessed the multipliers used by the Department to calculate the estimated future savings figure.

Concerns Raised over Application of Department Guidelines

The C&AG report carried out a small sample survey of ninety-six cases counted by the Department as generating control savings and found that in the case of Jobseekers payments and One Parent Family (OPF) payments the level of invalid calculations were thirty-seven percent and forty-four percent respectively. A similar review in 2008 found that 56% of the OPF cases in the review were invalid.[6] These are worrying levels of falsely identified 'control savings', suggesting failures at both local and senior level, with the former failing to adequately apply departmental guidelines, and the latter failing to review data before collating and publicising them as evidencing the effectiveness of the Department's activities.[7]

Figure 158 Validity of Future Savings Claimed

Payment Type	Number of Cases Reviewed			Proportion Valid %
	Reported Savings Valid	Reported Savings Invalid	Total	
Child Benefit	19	-	19	100
Illness	19	1	20	95
Pension	18	2	20	90
Jobseekers	12	7	19	63
One Parent Family	10	8	18	56
Total	**78**	**18**	**96**	**81**

Pg. 511 of C&AG Report

[6] Office of the Comptroller & Auditor General. (2011), op cit., pg. 511
[7] Ibid., pg. 517

Cherish House
2 Lower Pembroke Street, Dublin 2
Tel: 01 662 9212
Email: info@onefamily.ie
www.onefamily.ie
OneFamilyIreland @1familyireland

Concern over Accuracy of Multipliers

A multiplier is a predetermined figure that is stated as being the average period of time, in weeks, a person who "signs off" as a result of control activity remains off. In order to assess the multipliers accuracy a review was carried out on 498 cases that were counted as control savings. In the case of OPF recipients, 62% had not remained off the Department's books for the period stated by the multiplier. Across the 498 cases, 46% were back on some welfare payment within the multiplier period. This highlights a significant error with the Department's predetermined multipliers.[8]

Figure 159 Number of Savings Cases that Claimed within the Multiplier Period

Scheme	Multiplier Used	Savings Reported in 2010 €m	Number of Savings Cases Reviewed	Reinstated within the Multiplier Period
Illness	24 weeks	95	100	73
Jobseekers	32 weeks	57	100	60
Child Benefit	34 months	108	100	32
One Parent Family				
- Claim Stopped	136 weeks	} 71	19	9
- Reductions	52 weeks		81	53
Pensions	136 weeks	111	98	-
Total		**442**	**498**	**227**

Pg. 513 of C&AG Report

[8] Ibid., pg. 513

Cherish House
2 Lower Pembroke Street, Dublin 2
Tel: 01 662 9212
Email: info@onefamily.ie
www.onefamily.ie
OneFamilyIreland @1familyireland

Summation

From the review carried out by the C&AG it is clear that the “control savings” figure is a poorly generated estimate. There is enough evidence to be concerned that the Department’s guidelines are not applied consistently across regions and that the predetermined multipliers used to generate estimated future savings do not accurately reflect return rates to welfare schemes.

1. The multiplier used to calculate potential savings by the Department is 4 1/4 times higher than that used to calculate potential savings in Jobseeker’s Allowance.

2. Consequently reported levels of OPFP fraud have been inflated.

3. This highlights a significant error with the Department’s predetermined multipliers Office of the Comptroller & Auditor General. (2011), op cit., pp 471-472.

The recommendation in the report is that “the Department should develop, based on historic evidence, an estimate of the proportion of overpayments that it expects to recover in order to compute the level of bankable savings arising from overpayments raised as a result of control activity”.[9] It suggests that the reporting on the issue of savings should focus on real bankable savings, through dealing with the actual level of overpayments occurring in the system, a figure that is more indicative of the overall performance of the Department.

[9] Ibid., pg. 517