

# **Child Benefit**

## **Fraud and Error Survey Report**



Department of Social Protection  
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# Child Benefit Fraud and Error Survey

## 1. Introduction

### *Purpose of survey*

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

The purpose of this survey was to establish baseline levels of fraud and error in the Child Benefit (CB) scheme. The survey took place in Q2 2012. The last fraud and error survey on CB was undertaken in 2004.

### *Agreed criteria*

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

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

### *Methodology*

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

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

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

- A random sample of 1,000 CB claims in payment at 1<sup>st</sup> April 2012 was selected for survey.
- Following investigation, 980 of these cases were returned by social welfare inspectors. CB Section subsequently issued residency certificates to the other 20 customers and carried out a detailed desk-based review of their circumstances. Where relevant, contact was made with the schools and other sources to verify the residence of the customers and children.
- The 1,000 survey cases were all examined and decided by deciding officers in CB Section in Letterkenny. This ensured consistency of decision-making.
- The results of this survey are based, therefore, on 1,000 customers.

### *Net rate of fraud & error*

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

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

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

## 2. Survey Results

**Net Cost of Fraud and Error: 0.5% of expenditure**

**Fraud figure: 0.5% of expenditure equivalent to 0.5% claims**

**Error figure: 0% of expenditure equivalent to 0% of claims**

## 3. Risk Categories

Given the low level of fraud discovered, the results indicate that the scheme is very well controlled and is very low risk. In the circumstances, it is not possible to draw conclusions about particular risk categories.

## 4. Details of outcomes of survey cases

Of the 1,000 cases surveyed, there were 32 cases where contact was not made initially with the customers concerned. All of these claims were suspended until eligibility was verified:

- ✓ Twenty seven of the customers were subsequently contacted by CB Section. Following a thorough investigation they were found to be in order and put back into payment. Some of the customers had changed address and had not notified the Department while other customers were employed and did not want to take time out to speak to the inspector at the time of the survey.
- ✓ Five of the customers were found to have left the country and were identified as probable fraud cases. (Fraud cannot be determined until it is clearly established when the person left the country.)

Overall, the survey found that:

### Fraud Cases

As outlined above, there were five probable fraud cases identified. While the five families have left the country, the husband of the fifth continues to reside here.

### Error Cases

There were no cases identified as error.

### Terminations/Reductions

The 5 cases identified have resulted in a termination of payment. Overpayments cannot be assessed at this stage until the date from which the individuals were not entitled to payment of CB is established.

### Appeals/Re-Qualified for payment

No cases have been appealed to date (December 2012) following this survey.

## **4. Controls**

The Department has a very comprehensive control policy in place on the CB scheme and this will continue to be implemented.

## **5. Conclusions and Recommendations**

### *Key findings*

The overall net cost of fraud and error for Child Benefit is 0.5% of expenditure.

The main conclusions of the survey are:

- Child Benefit is a low risk scheme;
- The scheme's control policy is effective;
- Claim reviews, data matching and anonymous reports provide a suite of control measures to safeguard the scheme; and
- Measures must continue to be focused on targeting customers for detection on an on-going basis, as set out in the control policy in place for the scheme.

### *Key recommendations*

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

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

- The scheme's control policy should be updated to reflect the survey and current review practices.

**Appendix 1 – Results of Survey**

CB survey results	Initial Fraud and Error level	Reinstated claims/appeals	Net Fraud and Error level
Fraud value	0.5%	None	0.5%
Error value	0.0%	0.0%	0.0%
<b>Fraud and Error value</b>	<b>0.5%</b>	<b>0.0%</b>	<b>0.5%</b>
Fraud cases	0.5%	None	0.5%
Error cases	None	None	None



