

# **Widow/er's, Surviving Civil Partner's Contributory Pensions (WSCPCP)**

## **Fraud and Error Survey Report**



Department of Social Protection

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## 1. Introduction

The Department of Social Protection (DSP) 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.

This survey was undertaken on the Widow/er's, Surviving Civil Partner's Contributory Pensions (WSCPCP) scheme, which is administered by Social Welfare Services in Sligo. The survey refers to a week in August 2013. This was the first fraud and error survey to be undertaken on the WSCPCP scheme.

### **Survey criteria:**

The Department agreed the following criteria with the Comptroller & Auditor General (C & AG) 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 values 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.

During the course of 2013, the C&AG audited previous surveys and the fraud and error survey process in the DSP. The findings of the audit were published by the C&AG in September 2013. The recommendations of the C&AG are being progressed by the DSP and will be incorporated into future surveys as appropriate.

## Methodology:

The Department's Statistician is involved in the fraud and error 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 WSCPCP survey, the following approach was adopted:

- A random sample of 1,000 WSCPCP claims in payment at 21 August 2013 was selected. Of these, 929 claimants reside in the Republic of Ireland ("ROI cases") and 71 live outside the State ("Non-ROI cases").
- The sample of 1,000 was examined by the statistician and found to be representative as required by reference to age, location, gender etc.
- ROI cases were sent to Social Welfare Inspectors for investigation. Non-ROI cases were issued with Continuing Eligibility (CE) certificates.
- 39 cases are not included in the results as they were not returned to the WSCPCP Section in time to be included.
- 14 cases were deceased\* and the scheme area was notified in the normal way (2 non-residents)
- There were 947 cases reviewed for the Survey.

The sample of WSCPCP cases were examined and decided by Deciding Officers within the WSCPCP Section (Social Welfare Services, Sligo). This ensured consistency of decision making.

\*12 of the deaths occurred during the F&E survey, 2 occurred prior to the survey. Only 1 of the 14 cases resulted in a debt being raised against the estate. In this particular case, the Department was automatically notified by the General Register Office when the death was registered, some two months after the date of death.

In summary:

- (i) 839 cases had no weekly changes;
- (ii) 3 cases had changes that are attributed to normal movement on the WSCPCP scheme;
- (iii) 69 cases had changes arising from fraud and error, as identified in the survey;
- (iv) 8 cases were recorded as departmental error but did not have value changes
- (iv) 20 cases had temporary changes but were reinstated at their original rate of payment, and
- (v) 8 cases are currently suspended as their whereabouts are unknown. However, they are not considered fraud or error cases at this stage.

Details in relation to the cases in (ii) to (v) are outlined in the following paragraphs.

#### **Normal Movement Cases:**

Widow's, Widower's or Surviving Civil Partner's Contributory Pension (WSCPCP) is a social insurance scheme payable to widows, widowers and surviving civil partners. It is based on the social insurance (PRSI) record of either the claimant or their late spouse or civil partner. The pension is not a means tested payment.

In general, to qualify for WSCPCP a person must:

- satisfy certain social insurance contributions and
- either
  - be a widow/er or a surviving civil partner, or
  - be divorced from their late spouse (as recognised in this State) and have not remarried, or
  - have had their civil partnership with their late civil partner dissolved and have not registered in a new civil partnership, and
- not be cohabiting.

A person in receipt of WSCPCP may have an additional entitlement to one or more of the following increases:

- Increase for Living Alone
- Fuel Allowance
- Over 80 Allowance

These increases have additional qualifying conditions which must be satisfied.

The following figures demonstrate the level of movement in the WSCPCP scheme claim load. In 2013, 6,851 moved on/off WSCPCP. As at end 2013 there were 117,416 recipients of WSCPCP. The main reasons for claim closure were 'deceased' (5,192), cohabitation/re-marriage (151), no response from claimant (327), conditions not met (180), 'transferred to another SW scheme' (989) and other (12).

During the course of the survey, 3 cases were identified as 'normal scheme movement' cases, as detailed below:

Number	Reason
1	Transferred to other social welfare payment
2	Re-married/cohabiting* and notified scheme area in normal way
<b>3</b>	<b>Total 'movement' cases</b>

\*In relation to the remarriage/cohabiting cases, one claimant had advised the Department of her plan to remarry prior to the survey being conducted. In the other case, a letter from the claimant informing the Department that she was co-habiting was received shortly after the forms had issued to the Social Welfare Inspector but before any action had been taken by the SWI.

These cases were representative of the overall sample based on the risk categories identified for the survey. The Department does not consider that the fraud and error results for the survey need to be adjusted upwards based on the lower effective sample, net of movement cases. However, for future surveys, inspectors will be requested to check the previous eligibility of such claimants, selected for inclusion in the survey, where they migrate to other DSP payments.

### **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 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 weekly rate, increases in weekly rate, terminations of payment, transfers 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

<b>Net Cost of Fraud and Error:</b>	<b>0.7% of expenditure equivalent to 8.0% of claims</b>
<b>Fraud figure:</b>	<b>0.2% of expenditure equivalent to 0.3% of claims</b>
<b>Error figure:</b>	<b>0.5% of expenditure equivalent to 7.7% of claims</b>

## 3. Risk Categories

In order to ascertain which claim attributes, if any, were more likely to occur in claims that were found to be in error (either by fraud or error), the results from the sample were analysed for two categories of claims; those claims that had a resulting change in their payment and those that had no change in payment (after the subsequent investigation). This analysis was based on the gross level of fraud and error in the survey i.e. by comparing the profile of the 77 fraud/error cases with the 870 non-fraud/error cases.

Claimants with fuel allowance and non-resident claimants were found to be higher risk groups based on this analysis.

#### **4. Monetary value of fraud and error in the survey and confidence intervals**

The sample average gross fraud and error amount is €1.62 per claim per week implying a total weekly amount of fraud or error in the population of €189,658 with a 95% confidence interval of €102,530 to €276,787.

#### **5. Details of outcomes of survey cases**

##### Suspected Fraud Cases

A total of 4 cases were identified as "suspected fraud".

- 2 cases identified as suspected fraud, because of cohabitation, which resulted in a termination of primary pension payment;
- 1 case identified as suspected fraud, because of re-marriage, which resulted in a termination of primary pension payment, and
- 1 case resulted in a termination of fuel allowance because of non-disclosure of means.

The three primary pension payment clients had overpayments assessed as appropriate. One of these clients has since been awarded Jobseekers Assistance (JA), which includes an increase for a qualified adult.



Details of reason for fraud	Fraud
Primary Payment – Cohabitation	2
Primary Payment - Re-marriage	1
Fuel Allowance conditions no longer met – means not disclosed	1
<b>Total</b>	<b>4</b>

### Error Cases

There were 73 cases identified with errors. Of these, 36 cases were classified as Departmental error and 37 classified as customer error, of which a total of 65 had changes in their rates of payment arising from the error identified.

### Departmental Error

Of the 36 cases which were classified as Departmental error:

- 19 resulted in a termination in weekly allowance i.e. Fuel Allowance and/or Increase for Living Alone (no change to primary pension rate);
- 8 cases\* where there was no change to the weekly rate of payment required;
- 7 cases that resulted in an increase in the weekly rate of payment, and
- 2 cases that resulted in a decrease in the weekly rate of payment.

Twenty-five (25) of the Departmental error cases are resident in ROI and eleven (11) are non-resident in ROI.

\* These 8 cases comprised 4 cases where an allowance was awarded in error at the time but the customer is now entitled to it, 2 cases where 6 weeks payment after death was made on another scheme, 1 case where a customer's UK National Insurance Number had not been sent to the DWP and 1 case where it was discovered a customer had been underpaid Carer's Allowance. None of these cases result in any change to the current entitlement.

### Customer Error:

Of the 37 cases classified as customer error, all resulted in termination of an increase, for the following reasons:

Details of reasons for Customer Error	Number of Cases
Fuel Allowance conditions no longer met – means exceed limit	3
Living Alone Increase conditions no longer met – household composition/family members resident with claimant	12
Living Alone and Fuel Allowance conditions no longer met – living with relative/in hospital	2
Living Alone and Fuel Allowance conditions no longer met – in nursing home	4
Living Alone Increase conditions no longer met – in nursing home	4
Fuel Allowance conditions no longer met – in nursing home	2
Fuel Allowance conditions no longer met – household composition/family members resident with means	9
Fuel Allowance conditions no longer met – Moved abroad	1
<b>Total</b>	<b>37</b>

In the majority of cases where the increases were terminated, it was due to an un-notified change in the claimant's living arrangements, (i.e. either by moving into a nursing home or a change in household composition) resulting in a loss of entitlement to the increase. The facts, evidence and circumstances of these cases warranted revised decisions from a current date.

All of the customer error cases were originally categorised as resident in ROI. One of these customers has since moved abroad.

### **Terminations**

Of the above 77 fraud and error cases, there were 3 cases identified which resulted in a termination of the main weekly payment and 57 cases which resulted in a termination of one or more weekly additional increases.

The 3 primary claim terminations were re-examined in June 2014 and the results of the survey are based on the position at this time:

- The three WSCPCP claims were still closed; however one of the primary claim terminations has since been awarded Jobseekers Assistance (JA) which includes an increase for a qualified adult.

The 57 claims affected by increase terminations were also re-examined and the results of the survey are based on the position at this time:

- 55 of the terminations were still closed (3 of these customers are since deceased)
- 2 increases have been re-instated as the claimants satisfy the qualifying conditions.

### **Temporary Changes**

During the course of the survey, there were 21 cases that were suspended on the basis of claimants being unavailable for interview at the time of the survey, or their whereabouts being unknown. These claims have since been reinstated as the claimants subsequently made contact with the Department. These files have been re-sent to the relevant Social Welfare Inspectors. Fifteen files have already been returned and the SWI has reported that all is in order in respect of fourteen of these cases; in the remaining case, the Increase for Living Alone has been terminated as a result of customer error. Reminders have issued to the relevant SWIs in respect of the remaining 6 files. On this basis, 20 cases are classified as "temporary change" cases.

Due to the nature of the WSCPCP scheme, a long term, contributory based payment, a person can be away from home when initial contact is made by the Department. This is not an indicator of fraud or error. Based on scheme administration knowledge and experience, together with the fact that the majority of these claimants have since made contact with the Department regarding their payment, the Department is satisfied that the most likely outcome in respect of the remaining 6 cases will also be

no change to their entitlement and treated as no change for the purposes of the survey.

### **Whereabouts not known**

In 8 cases, either the Social Welfare Inspector reported the claimant as “whereabouts unknown” (5 ROI cases) or the continuing eligibility certificate questionnaire was not returned (3 Non-ROI cases). All 8 of these payments are suspended, along with any associated increases.

Due to the nature of the WSCPCP scheme, a long term, contributory based payment, a person can be away from home when initial contact is made by the Department. This is not an indicator of fraud or error. Based on the scheme administration knowledge and experience of dealing with these cases the Department considers that the most likely outcome in respect of all of these cases is no change to their entitlement.

### **Appeals**

No cases have been appealed to date (June 2014) following this survey.

### **New Benefits**

The gross rate of fraud & error for the survey was reduced by taking into account the amount of any new benefits. There was 1 such case. The net rate of fraud and error is, therefore, based on the details of 76 cases out of 947 surveyed, having regard to any reduction in rates for the 1 case where the claimant subsequently qualified for another social welfare payment.

## **6. Conclusions and Recommendations**

The survey results indicate that WSCPCP is a low risk scheme.

The survey indicates that the key risk for the scheme is in respect of the increases payable.

In addition to the controls on WSCPCP in place at the time of the survey listed in Appendix 1, attention should be paid to the following:

- Efforts should continue to raise awareness of the scheme's eligibility conditions and the obligation on recipients to report any change in circumstances to avoid customer error and overpayments arising; and
- Communications issuing to WSCPCP claimants at pension award stage, and thereafter, should, where possible, clearly state the qualifying conditions for the payment and associated increases, and the implications of providing false information or concealing information that may affect their claim.
- The scheme's control review policy should be updated to reflect the survey and current review practices. In particular, the control policy for WSCPCP should address the risk groups identified in the survey, i.e. non-ROI residents and older claimants.
- Staff guidelines should be reviewed and re-circulated regarding the processing of Fuel Allowance applications to ensure the relevant checks and verifications are carried out at time of award.

## **7. Appendix 1: List of controls in place for WSCPCP:**

The Department has a range of targeted control initiatives to help safeguard the integrity of the WSCPCP scheme such as:

- Significant checks and verification of information at the application stage ;
- A risk-based and intelligence-led approach to countering fraud, using targeted data-matches with agencies such as the General Register Office, HSE, the Revenue Commissioners;
- Continuing Eligibility (CE) and Increased Qualified Child (IQC) certificates issued annually and/or as required to selected cohorts. (In 2013 a total of 3,944 CE certificates and 2,786 IQC certificates were issued.)
- Ad hoc control projects as identified from time to time, e.g. based on age, residence or other criteria.
- Weekly checks for overlapping benefits.