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7 March 2013

Mr Ted McEnery
Clerk to the Committee
Committee of Public Accounts
Leinster House
Dublin 2

Dear Mr McEnery,

Further to your letter from Niamh Maguire of 11 January 2013, I attach as requested at Appendix 1 an update on the recommendations contained in chapters 21 to 23 of the Comptroller and Auditor General's Annual Report for 2011.

I am also attaching updated expenditure figures to end February for Vote 37 and the Social Insurance Fund at Appendices 4 to 9. The figures for 2012 and 2013 are provisional and subject to audit by the Office of the Comptroller and Auditor General.

There are also three documents which I am attaching for the information of the Committee which are referenced in the update -

(1) Department of Social Protection Fraud Initiative 2011 – 2013 Progress Report – 2012
(2) Department of Social Protection Accenture Non- Compliance Analytics Pilot Final Report – February 2013
(3) Department of Social Protection Child Benefit Fraud and Error Survey Report 2013

Please note that these reports are embargoed until 12 noon tomorrow Friday 8 March 2013.

Please let me know if you require any further information in advance of the meeting.

Yours sincerely

Niamh O'Donoghue
Secretary General

Appendix 1

Department of Social Protection – update for the Public Accounts Committee on recommendations in the C & AG Annual Report for 2011

Chapter 21 – Expenditure on Welfare and Employment Schemes

This chapter consolidates and summarises expenditure on welfare and employment schemes met from various public accounts, setting out the source of the funds applied over the past four years, together with 2011 estimates. The overall provisional expenditure figure at end 2012 was €20.07 billion, comprised of €13.9 billion net Vote expenditure and €8.86 billion from the Social Insurance Fund. See appendices 5 and 8 for breakdown of expenditure by scheme.

Conclusions / Recommendations

There was only one recommendation in this chapter which is largely statistical. The C & AG did however, note progress with regard to the roll-out of new activation measures by the Department. The Department has continued with this progress and the following update may be of interest to the Committee.

- As part of this process of integration, the Department is implementing a new service model. "Intreo", the new integrated employment and support service, was launched on 15th October 2012 by An Taoiseach, Enda Kenny and Minister Joan Burton T.D. in the Department's Sligo office.

- In 2012 43,000 people benefitted from inclusion in activation programmes such as JobBridge, Community Employment and TÚS. A further 37,000 have received employment and back to education supports such as the Back to Education Allowance and the Back to Work Enterprise Allowance.

- The Department intends to increase the number of JobBridge Internships by an additional 2,500 places in 2013.

- The number of TÚS places will also rise by additional 2,500 places in 2013.

- Community Employment places will increase by an additional 2,000 places in 2013.

- A new Local Authority Social Employment Scheme with 3,000 places will be introduced in 2013.

Social Insurance Fund

The third actuarial review of the Social Insurance Fund (as at 31 December 2010) was undertaken by KPMG and published in 2012. The review covers a 55 year period from 2011-2066 and builds on the findings of the 2000 and 2005 Actuarial Review of the Fund. The Actuarial Review considers the adequacy or otherwise of the current contributions to finance the various social insurance benefits and pensions.

The findings of the third review of the social insurance fund are broadly similar to the findings of the 2005 review – that the Fund is facing a substantially increased shortfall over coming years and decades, mainly due to rising long-term (pension) benefit costs.

Findings from the Actuarial Review:

(i) Projected Shortfalls

In the absence of any action to tackle the shortfall, the excess of expenditure over income of the Fund will increase significantly over the medium to long term.

- The provisional 2011 deficit of €1.5bn will double to €3.0bn by 2019 and will have increased to €25.7bn by 2066.
- The figure of €324 billion from the report quoted in the media when the review was published refers to the sum of all annual deficits up to 2066, expressed in current terms, assuming no action is taken.
- Expressed as a % of GNP, the shortfall is projected to increase from 1.1% of GNP in 2011 to 2.0% in 2019. It will further increase to 6.4% of GNP in 2052 before gradually reducing to 5.7% by 2066.
- In the absence of reductions in expenditure levels or increases in PRSI income significant Exchequer subvention will be required to meet on-going expenditure requirements. Exchequer subventions will need to more than treble (from 2011 levels) by 2030 and increase by a factor of almost eight by 2040.

(ii) Drivers of Changed Fund Outlook

- Increase in pension related expenditure attributable to the projected ageing of the population over the 55 year period.
- Increased labour force participation with consequential increased numbers qualifying for a contributory State pension and at higher rates.
- Significant increase in expenditure associated with short-term schemes - influenced by the poor economic environment which has severely affected PRSI contribution income.

C&AG recommendation was as follows

Given the importance of the actuarial projections of SIF receipts and payments for pensions policy, the basis for assumptions included in the statutory pensions review, and in particular the assumptions in relation to real earnings growth and life expectancy, should be subject to detailed analysis and testing, including multi-variable (scenario) testing.

Update

As stated in the reply published in the chapter, the actuarial review report notes that the projections made are based on a wide range of assumptions about the future which the consultants state are unlikely to be borne out in reality. The report includes an analysis of the sensitivity of projections to changes in macroeconomic assumptions including real earnings growth. The statutory requirement to undertake actuarial reviews at five yearly intervals provides an opportunity to revisit the underlying assumptions. The next review will be undertaken in 2017.

Chapter 22 - Welfare Overpayment Debts

This chapter examines the Department's effectiveness in accurately recording overpayment debts, recovering amounts due and prosecuting cases where there is evidence of significant fraud. The management information available to enable the Department to assess the effectiveness of its efforts to recover overpayments was also examined.

Four specific recommendations are made:

- Local offices should be familiar with debt recovery departmental guidance, and that the Department should put in place procedures to monitor recovery plans and ensure follow ups where payments cease.

- The Department should monitor the performance of local offices including debt recovery rates and the rates of referral to the Central Overpayment Debt Management Unit, so that good practice from those with high recovery rates could be shared with those having lower recovery rates.

- A standard approach across all offices should be implemented with regard to the cancellation or write-off of overpayment debt.

- The Department should develop the ODM system in order to allow for effective pursuit of overpayment debt and provide adequate information to monitor overall departmental and local office performance in recovering overpayments. The ODM system should facilitate the monitoring of recovery rates.

Update

Action is being taken in relation to all of these recommendations.

The Committee will be aware that the overall goal of the Department's debt management strategy is to actively pursue the recovery of all debt to maximise recovery levels, with due regard to value for money.

In this context, it is worth noting that in 2011:

- there were a total of 63,310 overpayments raised with a value of €92.4m;
- this represented 0.44% of total Departmental expenditure; and
- overpayments recorded as suspected fraud accounted for 0.2% of total DSP expenditure.

In addition, in 2011:

- The average value of all overpayments was €1,459;

- A large proportion of overpayments (22,500 cases with a value of €2.6m) had an overpayment period of less than one week;
- the total value of recoveries was €51.5m of which €24.2m was by deduction from a subsequent social welfare payment and €27.3m in cash; and
- Recoveries increased by over 49% over 2010 when €34.5m was recovered.

Debt holders are made aware that a DSP debt will remain on their records until fully recovered. This will result in a reduction of all future entitlements up to and including pension. Following the death of a customer owing a debt to DSP, the Department will have a hold on any estate remaining. In 2011, €14.1m was recovered from estate cases.

As outlined in the context of the 2010 C & AG Report, the Department has been actively reviewing its overpayment recovery policy over the past year and a number of developments are noteworthy in that regard.

Specifically, it should be noted that section 13 of the Social Welfare Act, 2012 amends the Social Welfare Consolidation Act, 2005 in relation to the recovery of social welfare overpayments by way of weekly deductions from a person's ongoing social welfare entitlements. This amendment allows for a deduction of an amount up to 15% of the weekly personal rate payable to a customer for the purposes of the recovery of an overpayment (in both fraud and non-fraud cases). This equates to €28 per week in the case of customers receiving a weekly payment of €188.

This section also provides that a person will not be entitled to be compensated for any overpayment deduction from their primary social welfare payment by claiming Supplementary Welfare Allowance.

Regulations to give effect to this provision came into force on 28th January last. In conjunction with these new provisions, the Department reviewed and re-issued the *Guidelines on the Recovery of Debt* so that all staff will be aware of the practicalities involved in applying the new legislation and debt recovery procedures more generally.

All scheme owners and divisional managers have been requested to ensure (a) that their staff are familiar with the debt management guidelines and (b) that the maximum deduction appropriate in each overpayment case is put in place.

It is planned to meet recovery officers from all schemes and local offices in the context of the new legislation and to enhance awareness of debt recovery procedures and and to promote good debt management. These meetings began in February 2013 and will take approximately two months to complete.

The new provisions will be applied with immediate effect to all new overpayments. The Department is currently reviewing all existing overpayments to ensure that repayments are brought in line with the new regulations, where appropriate, over the coming months.

While the new provisions will significantly enhance the prospect for debt recovery from existing social welfare customers, the Department recognises that it has limited leverage in relation to former customers who are no longer receiving social welfare payments to start/continue making repayments. In this regard, the Department is exploring ways of enhancing its debt recovery procedures for these customers and is looking at the feasibility of introducing attachment powers to accelerate the recovery of overpayments in such cases. It is hoped to progress this in the next social welfare bill.

The option of recovering social welfare overpayments through the tax system by adjusting tax credits was discussed by the DSP/Revenue High Level Group. The Group has agreed in principle that the proposal should be progressed. A sub-group of the High Level Group has been asked to examine the issues and it will report back to the High Level Group by the end of June 2013.

The feasibility of recovering social welfare debts from other payments made by the State e.g. redundancy, student grants, farm payments etc. has also been considered by the Department in conjunction with the other relevant Departments. There are a number of issues to resolve in the short-term, including the need for legislation to be taken by both the Department of Social Protection and the other Departments involved. In this regard, it is considered that the introduction of attachment powers, as outlined above, could obviate the need to provide for other legislation and has the potential to achieve a similar outcome. For example, if a person becomes eligible for a payment from public funds, under the proposed attachment powers, this payment could be offset against an overpayment that s/he owed to the Department.

With regard to the specific recommendations, set out on page 4 above, the position is that:

- *LOs becoming familiar with debt recovery departmental guidance*
  As outlined above, the Social Welfare Act, 2012 allows for a deduction of an amount up to 15% of the weekly personal rate payable to a customer for the purposes of the recovery of an overpayment. In conjunction with these new provisions, the *Guidelines on the Recovery of Debt* were reviewed and re-issued to all staff to make them aware of the new provisions.

  In addition, information sessions have commenced and will be held with recovery officers from all schemes and local offices over the coming weeks to enhance awareness of debt recovery procedures and and to promote good debt management across the Department generally.

It is envisaged that the new Overpayment and Debt Management (ODM) system to be developed (see below) will enable recovery plans across offices and scheme areas to be monitored and appropriate follow-up action to be taken.

- *Monitoring the performance of local offices*
  In August 2012, an assessment was undertaken of local office overpayments and the extent of recovery plans in place for current customers. This highlighted the need to improve recovery efforts by some local offices and, in this regard, the importance of debt recovery has been stressed to Divisional Managers. A debt recovery project is underway to implement the recent amendment to legislation (whereby up to 15% of the personal rate can be deducted). This is initially targeting cases where a lesser, or no, deduction is currently in place.

  As part of the information sessions planned with recovery officers in local offices, referred to above, the importance of putting in place a debt recovery plan for those customers with an outstanding debt will be emphasised, in keeping with promoting awareness of debt recovery and good debt management more generally across the Department.

- *Standardised approach to the cancellation or write-off of overpayment debt*
  New write- off guidelines have been developed. They provide for a standardised approach to cancellations and write-offs, along with value limits and management oversight. The guidelines provide that overpayments can only be written off in exceptional circumstances e.g. where a debtor has died and there are insufficient funds remaining in their estate to repay the overpayment.

  As part of the meetings with recovery officers planned for the coming weeks, the new debt cancellation/write-off guidelines will be outlined in detail to promote awareness of the new approach.

- *Development of the ODM system in order to allow for effective pursuit of overpayment debt*
  Having regard to the issues raised by the C&AG in this and previous annual reports, a business case for redevelopment of a debt management and accounting system was submitted to Department's Project Governance Committee in October 2012 and it was approved. The development of an enhanced system was also discussed at a meeting between officials of the Department and the C&AG's Office in December last.

  In keeping with the C&AG recommendations, the new system will have enhanced functionality, including the following:

  ✓ increased accounting and reporting functionality to enable more strategic management of the Department's debt. In this context, full details of all debts (or portion of debt where debt contains multiple overpaid entitlements) will be recorded and presented in regular management reports. Details will include age of debt, fraud/non-fraud breakdown, satisfactorily performing debt versus non-performing debt (by scheme type/area etc.);

- ✓ the capability to receive recovery or debt instructions and issue recovery or debt instructions from and to other Departmental agencies/bodies;
- ✓ the automation of the communication process between the Department and its debtors. This will remove the current case-by-case manual communication process; and
- ✓ the automation of a recovery deduction where a current customer has a debt, thereby removing the current case-by-case debt management approach. This will be done through the Department's new payments system (Payment and Generic Schemes - PAGS).

The reporting and accounting concerns highlighted by the C&AG regarding the assurances of data from the existing ODM system will be addressed in the development of the new system. The PAGS project will deliver some of the functionality that will be used for the new debt management system. Therefore, the development of the new debt management system logically follows and is dependent on the delivery of PAGS which is due to be implemented before the end of the year. In keeping with these timelines, a Request for Tender for the new debt management system is expected to issue by the autumn.

D/PER Debt Management Project

Finally, the Committee may wish to note that as part of the Government's Public Service Reform Plan, a range of specific actions in the area of alternate service delivery are being considered. In this context, the first area of work that has been selected by the Department of Public Expenditure & Reform for preliminary evaluation is the debt management function carried out by a number of selected public service bodies. These include the HSE, the Courts Service, Revenue Commissioners, D/Environment, Community & Local Government and this Department.

The first part of this work, to be carried out by consultants, will seek to map out how debt is currently collected and the current performance levels. This will involve identifying and examining all the processes involved in and the resources used (such as staff, supplies, technology, buildings etc.) to deliver the function. The second part of the process will examine alternative models of debt collection. The consultants will also be required to undertake a feasibility study that will examine the potential for alternative service delivery models, including centralisation, shared services and partial or full external service delivery. This assessment will consider if any changes could be made to these processes so that the function can be delivered more efficiently.

In terms of timelines, the work of the consultants is likely to get underway in early-mid April and be completed in mid-late August. The findings of the consultant's report will inform a decision whether to proceed to develop proposals in relation to alternate service delivery models. Any such proposals will take into account overall cost, quality of service, and strategic effectiveness.

Chapter 23 - Regularity of Social Welfare Payments

This chapter reports on the C&AG's view of irregular welfare payments, particularly the Department's use of fraud and error surveys and its ability to implement Budget 2012 changes.

Recommendations – Fraud and Error Surveys

The C&AG has noted the intention of the Department under the Fraud Initiative to carry out two fraud and error surveys per year and has suggested an alternative approach of:

- *Continuously Reviewed payments* - random selection reviews of larger schemes with expenditure of over €1billion per year JA, State Pensions, Child Benefit, Widowers and Guardians on a continuous basis;
- *Occasionally Reviewed Payments* – periodic reviews of schemes whose expenditure is between €500 million and €1 billion per year; and
- *Un-reviewed payments* – If there were resource constraints schemes with a value of less than €500 million would not be reviewed except where Department was aware of high levels of risk and/or payments in excess of entitlements.

Update

Fraud & Error Surveys
As outlined by the C & AG, the Department's current policy in relation to conducting fraud and error surveys is set out in the Fraud Initiative 2011 – 2013. Under this Initiative, the Department is committed to undertaking at least two fraud and error surveys each year up to the end of 2017. Results of surveys 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.

Four fraud and error surveys have been completed by the Department in the past year. The results of the first three (Disability Allowance, One Parent Family Payment and Jobseekers Allowance) are reported in the C & AG's 2011 Report and are summarised below:

- *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 DA, 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.

A fourth fraud and error survey on *Child Benefit* was completed in January 2013 and a copy of the survey report has been sent to the C & AG under separate cover. The survey showed a very low level of fraud in relation to the scheme which underlines the effectiveness of the scheme's control policy. Overall, the survey found the net cost of fraud and error to be 0.5% of expenditure. Of this, 0.5% related to suspected fraud and 0% related to error. The survey report is being published on Friday, 8th March and a copy of the report has been provided for the information of the Committee along with this update.

A further survey on *Jobseekers Allowance* began in September 2012 and results are expected before the end of March 2013.

Following on from a recommendation of the 2011 C&AG Report in relation to the Supplementary Welfare Allowance Scheme (chapter 24), a fraud and error survey on the Rental Allowance Scheme will also be undertaken during 2013. In line with the agreed methodology for such surveys, the number of cases selected for review will be 1,000. It is expected that the survey will be completed by autumn 2013.

In light of the recommendations in relation to fraud and error surveys – as set out above - officials from the Department met with officials from the C&AG's Office in December last to discuss the alternative approaches to surveys, based on annual expenditure, as suggested in the 2011 Report. In this context, a breakdown of the Department's main scheme areas into the different expenditure categories proposed, based on the 2011 outturn of expenditure, is attached at Appendix 2.

A number of important issues need to be considered, in the context of the recommendations, including:

- the value for money of conducting random reviews on a continuous basis for the schemes that would fall into the different categories of expenditure as suggested. For example, while expenditure on Child Benefit is in excess of €2bn p.a., a recent fraud and error survey on the scheme, as outlined above, showed that it was very low risk. Therefore, the value of conducting continuous surveys on this scheme would not be considered justified or value for money;
- the resource intensiveness of conducting surveys on a continual basis and how this can be managed given the competing priorities within the Department of claim processing, activation work and on-going control work across the different scheme areas. As has been advised previously, conducting fraud and error surveys is resource intensive for the Department; and
- The appropriateness of using smaller sample sizes or varying the methodology for surveys. This was discussed with the C&AG officials and requires further consideration during 2013.

Pending further consideration and a decision on the new approach recommended by the C & AG (expected by late summer), the Department will continue to roll out its medium-term programme for fraud and error surveys across all the major schemes. This programme is set out in appendix 3.

Finally, in the context of the Fraud Initiative, members of the Committee should note that a Progress Report on the Initiative (up to end December 2012) will be published by the Department on Friday 8th March. A copy has also been sent to the C &AG and has been provided for the information of the Committee along with this update.

Risk Analytics Project

It is also worth noting that during the course of 2012, the Department undertook a predictive risk analytics project to establish whether fraud investigation and control can be enhanced through the application of such models. Predictive analytic models allow for all data held by an organisation, such as the Department, to be comprehensively analysed to indicate and predict where higher incidences or risks of fraud and error may occur amongst certain cohorts of customers.

Using a series of risk indicators, 1,000 jobseeker cases were identified and investigated by Social Welfare Inspectors, similar to the work they undertake on fraud and error survey cases. The project was recently finalised and the report on the pilot will be published by the Department on Friday, 8th March. A copy of the report has been sent to the C & AG under separate cover and again has been provided for the information of Committee members along with this update.

The key conclusions from the pilot are as follows:

- The DSP control investigations process and associated customer data is robust and can readily incorporate Advanced Analytics with limited changes;
- Using the jobseeker predictive model, the investigations 'hit rate' increased from the DSP baseline figure of 4.5% to 6.3%, which is an uplift of 1.8 percentage points;
- Based on the findings from the pilot, using Advanced Analytics to drive jobseeker investigations is estimated to deliver a further €50m approximately in jobseeker savings over three years; and
- The controls and processes for managing jobseeker claims are similar to that for other schemes. There is, therefore, the potential that Advanced Analytics can also deliver improved control activity yield generally across DSP schemes.

In overall terms, the pilot provided a valid basis for the Department to evaluate and progress the use of analytical risk models as part of its overall control approach. In this regard, the Department will be considering the future use of predictive risk analytics and associated models across its various scheme areas over the coming months and decisions on how best to proceed will be made before the end of 2013.

In the meantime, the Department will be re-running the jobseeker predictive risk model and identifying a further 1,000 cases for investigation. It is expected that the cases will be identified by end March.

Budget 2012 changes

In the context of implementing Budget 2012 changes, the C&AG made two recommendations:

- The Department's computer systems should be adapted to record key data used in decision making on individual claims and have an in-built calculation function capable of processing rate adjustments efficiently, including the generation of explanatory communication to affected claimants.

- The Department should strengthen its data file control procedures. These controls should ensure that all changes to standing data are authorised and all authorised changes are fully implemented. Such controls could include the formalisation and documentation of system change procedures, authorisation at an appropriate level of all changes to standing data, confirmation of change reports from the Department's computer payment systems, and post implementation testing of changes.

Update:

One Parent Family Payment

As part of 2012 Budget measures, the amount of earnings disregarded in assessing the means for One-Parent Family Payment (OFP) was reduced from €146.50 to €130.00 per week from 1st January, 2012.

The January 2012 change was introduced immediately for all new OFP customers. For existing customers (some 92,000) the change involved a full review of customer means. Given the numbers and the scale of the work involved, it was necessary to implement the changes on a phased priority basis. The focus initially was on cases where Departmental records indicated that the customer has means from employment. By mid-September, the review process was completed for these cases and the remaining claims were reviewed by end December 2012.

In this context, it is important to note that the means review details (including income from employment and/or self-employment) established in 2012 have been recorded and stored on the Department's computer system – the Means Object on Business Objects Model implementation (BOMi). These details were used to identify customers with earnings from employment and/or self-employment, recalculate their means and automatically reduce the rate of entitlement for customers from January 2013 when a further reduction in the weekly earnings disregard level was introduced (from €130.00 to €110.00) as part of measures in Budget 2013.

Farm Assist

Arising from 2012 Budget measures, approximately 10,400 Farm Assist cases were reviewed in order to implement budget changes to that scheme. These were implemented as review forms were returned and this process was completed by September 2013.

Overall, the Department accepts that some customers may have been paid in excess of their weekly entitlement between January 2012 and the date their claims were reviewed. , However, given the numbers and the scale of the work involved in reviewing individual claims, it was only possible to implement the 2012 budget changes from a current date, on a case by case basis, as claims were reviewed. In the circumstances, the Department did not raise overpayments. It is not possible to indicate the overall level of claims that were paid in excess of – or less than – the weekly entitlement in that period.

However, it is important to point out that storing the means data for customers on the Means Object on BOMi – as outlined above in relation to OFP cases - means that the Department now has a solid foundation in place which allowed it to apply the income disregard change that came into force from January 2013. It will also allow the Department to apply the income disregard changes which are due to come into effect from January 2014 and 2015 in a much more timely and systematic manner. Overall, this will result in greater efficiencies, improved customer service and savings in scheme expenditure where reductions in payment result.

Fuel Allowance

Fuel allowance is a means-tested payment made to long-term welfare recipients. There were 400,334 in receipt of the fuel allowance in 2011. As a result of the fuel allowance overpayment, €1.186m was overpaid to 59,339 customers at the end of the 2011/12 fuel allowance season.

In order to recover the monies concerned, the Department deferred payments by one week at the start of the 2012/13 fuel season for the customers in question. In the recovery exercise, €1.006m (85% of value) was recovered from 51,894 customers. The balance of €180,000 was added to the debt balance of the customers involved in the initial overpayment. Recovery in full could not be obtained from all the customers who were overpaid (approx. 7,445) due to a number of factors, namely, they were no longer customers of the Department at the time of the recovery exercise, they may not have had a fuel allowance entitlement at the time or they may have been paid as casual workers and paid back a portion only of the amount overpaid.

Our records indicate that claims were closed for a variety of different reasons e.g.

- 1,493 had gone to work,
- 452 had gone abroad.

In respect of the amounts outstanding and the customers involved, the fuel overpayment has become part of their debt balance and it will be recovered from future social welfare payment(s), where appropriate.

Department's computer systems

With regard to the Department's computer systems, it is worth noting that it has a number of systems which have been developed over many years to enable it to pay multiple groups of clients and manage data in relation to its various schemes. These systems reliably deliver over 87 million payments yearly between them. Although developed independently, mechanisms exist on its major systems whereby significant changes made to customer or claim details are automatically notified to other relevant systems.

The Department is working towards consolidation on a single ICT 'platform' (the Business Object Model implementation (BOMi)). This work is carried out as part of the Department's continuous Service Delivery Modernisation (SDM) programme.

As this programme progresses, all of the Department's client and claim-related systems will be integrated on the Business Object Model implementation (BOMi) platform, ensuring that all client and claim information is fully and automatically available across all of the Department's schemes and places of business.

With regard to the first recommendation, the Department is continuing to enhance its computer systems so that it can capture and store data in relation to means and earnings so that legislative changes can be implemented in a timely and efficient manner. As outlined above, rather than investing in older systems, the Department's focus is on providing the necessary supports on our strategic system (BOMi) into the future.

With regard to the second recommendation, the Department has a considerable number of controls around its data file procedures and the effectiveness of these are monitored on an on-going basis. Arising from the issues highlighted by the C & AG, the changes suggested have been implemented. The Department will continue to monitor and improve its procedures.

Appendix 2 – Expenditure Breakdown of Main Scheme Areas

Over €1bn	2011 Outturn
State Pension (Contributory)	€3.6bn
Jobseekers Allowance	€3.0bn
Child Benefit	€2.1bn
Widows'/Widowers/Surviving Civil Partners Pension (Con)	€1.3bn
Disability Allowance	€1.1bn
One Parent Family Payment	€1.1bn
Between €1bn and €500m	
State Pension (Non Contributory)	€972m
Jobeekers Benefit	€927m
Illness Benefit	€876m
Invalidity Pension	€607m
Carers Allowance	€507m
Rent Supplement	€503m
Less than 500m	
Maternity Benefit	€309m
Fuel Allowance	€265m
Family Income Supplement	€204m
Back to Education Allowance	€201m
Respite Care Grant	€130m
Farm Assist	€114m
Domiciliary Care Allowance	€100m
Deserted Wives Benefit	€86m

Appendix 3

Fraud Initiative 2011-2013 - Schedule of Fraud and Error Surveys

Year	Scheme	No. of Cases
2010	DA (*completed*)	1,000
2011	OFP(*completed*)	1,000
	JB(*completed*)	1,000
2012	Child Benefit (*completed)*	1,000
	JA (*underway – report due end of Q1*)	1,000
2013	Invalidity	1,000
	Illness Benefit	200
	W&SCP CP	1,000
	SWA	1,000
2014	FIS	500
	Free Schemes	500
	Carer's Allowance	500
	Farm Assist	500
2015	State Pen Non-Con	1,000
	State Pen Con	1,000
2016	DA	1,000
	OFP	1,000
2017	SWA (incl. Rent)	1,000

Appendix 4

Vote 38 – 2011 Outturn – as per published Appropriation Account			
		Expenditure	**Estimate**
		€000	**€000**
	ADMINISTRATION		
A.1	Salaries etc.	247,664	235,279
A.2	Travel & Subsistence	3,110	3,208
A.3	Incidental Expenses	6,907	11,131
A.4	Postal & Telecommunications	19,393	21,080
A.5	Office Machinery	26,423	27,061
A.6	Office Premises Expenses	10,979	11,981
A.7	Consultancy Services	893	1,360
A.8	Agency Services	65,656	61,527
A.9	eGovernment Related Projects	1,342	7,500
	ADMINISTRATION TOTAL	**382,367**	**380,127**
	V38: SCHEMES + SERVICES		
B	State Pension (Non-Con)	971,769	951,150
C	Blind Pension	15,624	15,360
D	Child Benefit	2,076,338	2,066,780
E	Jobseeker's Allowance	2,974,987	2,644,620
F	Farm Assist Scheme	113,724	122,620
G	Employment Support Services	342,876	355,430
H	Pre-Retirement Allowance	59,942	62,350
I	One-Parent Family Payment	1,088,897	1,111,710
J	Widows'/Widowers'/Surviving Civil Partners & Guardians Payment (Non Con)	23,583	25,730
K	Deserted Wife's Allowance	4,211	4,470
L	Family Income Supplement	204,543	199,260
M	Carer's Allowance	507,193	499,020
N	Supplementary Welfare Allowances	961,523	951,333
O	Disability Allowance	1,089,178	1,066,220
P	Respite Care Grant	130,392	131,160
Q	Free Schemes (Assistance)	399,437	395,028
R	School Meals Schemes	34,975	35,000
S	Grant To The Citizens Information Board	45,114	46,640
T	Domiciliary Care Allowance	99,924	104,235
U	Rural Social Scheme	46,835	46,140
V	Community Services Programme	45,452	47,415
W	FAS Employment programmes, integration support and associated administration expenses	468,095	477,497
X.	Miscellaneous Services	3,016	3,651
	v38 SCHEMES + SERVICES TOTAL	**11,707,628**	**11,362,819**
	SOCIAL INSURANCE		
Y	Payment To The Social Insurance Fund Under Section 9(9) Of The Social Welfare Consolidation Act 2005	1,460,362	1,906,168
	v38 GROSS TOTAL	**13,550,357**	**13,649,114**
	Deduct:		
Z.	Appropriations-in-Aid	232,753	221,702
	v38 NET TOTAL	**13,317,604**	**13,427,412**

Appendix 5

Vote 37 – 2012 Provisional Outturn (includes Supplementary Estimate)			
		Expenditure	**Estimate**
		€000	**€000**
	ADMINISTRATION		
A.1(i)	Salaries, Wages & Allowances	303,577	305,639
A.2(ii)	Travel & Subsistence	5,054	5,000
A.2(iii)	Training & Development and Incidental Expenses	14,482	19,395
A.2(iv)	Postal & Telecommunications Expenses	21,649	21,172
A.2(v)	Office Equipment & External Service Provision	25,392	26,628
A.2(vi)	Office Premises Expenses	23,056	23,300
A.2(vii)	Consultancy Services and VFM & Policy Reviews	1,089	1,331
A.2(viii)	Payments for Agency Services	83,358	83,630
A.2(ix)	eGovernment Related Projects	2,938	1,950
A.2(x)	EU Presidency	22	8
A.3	Community Welfare Service	0	0
A.4	FÁS Employment & Integration Support Programmes	0	0
	ADMINISTRATION TOTAL	**480,617**	**488,053**
	V37: SCHEMES + SERVICES		
A.5	State Pension (Non-Con)	963,121	963,100
A.6	Jobseeker's Allowance	3,053,517	3,068,182
A.7	One-Parent Family Payment	1,057,486	1,059,490
A.8	Widows'/Widowers' Pension (Non Con)	17,669	17,710
A.9	Social Assistance & Other Allowances	3,545	3,650
A.10	Basic SWA	180,692	180,558
A.11	Farm Assist	108,168	108,070
A.12	Pre-Retirement Allowance	46,091	46,110
A.13	Other Working Age – Income Supports	64,811	65,114
A.14	Community Employment (FÁS)	330,399	335,194
A.15	Rural Social Schemes	45,242	45,660
A.16	Tus – Community Work Placement	67,055	65,400
A.17	Jobs Initiative	25,794	26,156
A.18	Community Services Programme	45,391	45,400
A.19	Back to Work Allowance	127,156	127,040
A.20	National Internship Scheme – Jobbridge	54,739	54,580
A.21	Back to Education Allowance	199,565	198,521
A.22	Other Working Age – Employment Supports	56,534	59,702
A.23	Disability Allowance	1,086,167	1,093,163
A.24	Blind Pension	15,745	15,540
A.25	Carer's Allowance	509,577	509,170
A.26	Domiciliary Care Allowance	102,200	102,590
A.27	Respite Care Grant	136,373	135,490
A.28	Child Benefit	2,046,987	2,044,248
A.29	Family Income Supplement	223,281	232,060
A.30	Back to School Clothing & Footwear Allowance	65,689	65,700

A.31	School Meals Schemes	35,005	35,000
A.32	Child Related Payments	5,298	5,050
A.33	Rent Supplements	422,717	423,201
A.34	Mortgage Interest Supplement	55,102	55,780
A.35	Household Benefits	143,733	144,901
A.36	Free Travel	75,518	77,000
A.37	Fuel Allowance	144,691	138,797
A.38	Grant to the Citizens Information Board	45,743	45,743
A.39	Office of the Pensions Ombudsman	972	1,025
A.40	Miscellaneous Services	2,139	2,342
	v37 SCHEMES + SERVICES TOTAL	**11,563,912**	**11,596,437**
	SOCIAL INSURANCE		
A.41	Payment To The Social Insurance Fund Under Section 9(9) Of The Social Welfare Consolidation Act 2005	2,087,400	2,233,909
	v37 GROSS TOTAL	**14,131,929**	**14,318,399**
	Deduct:		
Z.	Appropriations-in-Aid	241,050	235,464
	v37 NET TOTAL	**13,890,879**	**14,082,935**

Note: All figures are provisional and are subject to audit by the Office of the Comptroller and Auditor General.

Appendix 6

Vote 37 –February 2013 Provisional Outturn			
		Expenditure	Estimate
		€000	€000
	ADMINISTRATION		
A.1(i)	Salaries, Wages & Allowances	54,892	55,825
A.2(ii)	Travel & Subsistence	520	733
A.2(iii)	Training & Development and Incidental Expenses	993	1,523
A.2(iv)	Postal & Telecommunications Expenses	1,649	1,980
A.2(v)	Office Equipment & External Service Provision	2,183	2,301
A.2(vi)	Office Premises Expenses	2,002	3,499
A.2(vii)	Consultancy Services and VFM & Policy Reviews	47	127
A.2(viii)	Payments for Agency Services	14,626	14,647
A.2(ix)	eGovernment Related Projects	559	340
A.2(x)	EU Presidency	13	23
	ADMINISTRATION TOTAL	**77,484**	**80,998**
	V37: SCHEMES + SERVICES		
A.3	State Pension (Non-Con)	145,620	147,429
A.4	Jobseeker's Allowance	519,215	511,149
A.5	One-Parent Family Payment	175,620	170,129
A.6	Widows'/Widowers' Pension (Non Con)	2,617	2,599
A.7	Deserted Wife's Allowances	532	534
A.8	Basic SWA	24,477	26,615
A.9	Farm Assist	17,814	17,310
A.10	Pre-Retirement Allowance	6,577	6,428
A.11	Other Working Age - Income Supports	8,395	10,394
A.12	Community Employment Programme	53,311	58,751
A.13	Rural Social Scheme	8,042	12,522
A.14	Tus – Community Work Placement	13,542	13,671
A.15	Job Initiative	3,988	3,946
A.16	Community Services Programme	11,297	11,970
A.17	Back to Work Allowance	19,820	20,095
A.18	National Internship Scheme – Jobbridge	11,070	11,173
A.19	Back to Education Allowance	46,580	46,676
A.20	Other Employment Supports	8,233	10,841
A.21	Disability Allowance	186,896	190,530
A.22	Blind Pension	2,356	2,363
A.23	Carer's Allowance	93,550	89,074
A.24	Domiciliary Care Allowance	17,055	17,675
A.25	Respite Care Grant	3,492	1,190
A.26	Child Benefit	313,994	315,430
A.27	Family Income Supplement	46,040	39,724
A.28	Back to School Clothing & Footwear Allowance	80	0
A.29	School Meals	7,019	9,072
A.30	Other Child Related Payments	862	825
A.31	Rent Supplement	63,966	66,195
A.32	Mortgage Interest Supplement	6,992	7,575

A.33	Household Benefits Package	18,551	21,380
A.34	Free Travel	13,274	12,834
A.35	Fuel Allowance	48,861	46,400
A.36	Grant to the Citizens Information Board	9,000	9,670
A.37	Office of the Pensions Ombudsman	161	136
A.38	Miscellaneous Services	190	468
	v37 SCHEMES + SERVICES TOTAL	**1,909,089**	**1,912,773**
	SOCIAL INSURANCE		
A.39	Payment To The Social Insurance Fund Under Section 9(9) Of The Social Welfare Consolidation Act 2005	198,324	186,985
	v37 GROSS TOTAL	**2,184,897**	**2,180,756**
	Deduct:		
B	Appropriations-in-Aid	40,635	38,353
	v37 NET TOTAL	**2,144,262**	**2,142,403**

Note: All figures are provisional and are subject to audit by the Office of the Comptroller and Auditor General.

Appendix 7

Social Insurance Fund – 2011 Outturn		
Scheme	**Income / Expenditure**	**Estimate**
	€000	€000
INCOME		
Income from Contributions	7,541,737	7,148,303
Income from Investments	2,127	0
Rent	19	19
Reciprocal Arrangements	0	49
TOTAL RECEIPTS	**7,543,884**	**7,148,371**
EXPENDITURE		
Illness Benefit	875,549	854,730
Invalidity Pension	606,502	628,149
Partial Capacity Benefit	0	1
Occupational Injuries Benefits	102,261	105,440
Maternity Benefit	309,141	303,520
Health & Safety Benefit	643	660
Adoptive Benefit	1,075	920
Treatment Benefits	23,040	23,430
State (Con) Pension	3,622,746	3,567,870
State Pension (Transition)	132,396	113,210
Jobseeker's Benefit	926,900	1,027,060
Widows', Widowers' / Surviving Civil Partners' Pension (Contributory)	1,337,865	1,304,210
Guardians Payment	11,416	10,670
Widowed Parent / Surviving Civil Partner Grant	6,228	5,520
Deserted Wife's Benefit	85,828	88,650
Carer's Benefit	24,474	28,200
Bereavement Grant	19,436	18,700
Free Schemes (Insurance)	311,575	294,181
Redundancy & Insolvency	326,184	402,000
TOTAL SIF SCHEMES	**8,723,259**	**8,777,121**
SIF administration expenses	280,987	277,418
TOTAL EXPENDITURE	**9,004,246**	**9,054,539**
OVERALL SIF POSITION		
SIF Income	7,543,884	7,148,371
SIF Expenditure	9,004,246	9,054,539
Operating Balance (Surplus/Deficit)	**(1,460,362)**	**(1,906,168)**
Cumulative Fund Position: Drawdown from Vote 38:Subhead Y	**(1,460,362)**	**(1,906,168)**

Appendix 8

Social Insurance Fund – 2012 Provisional Outturn		
Scheme	**Income / Expenditure**	**Estimate**
	€000	€000
INCOME		
Income from Contributions	6,786,364	7,087,037
Income from Health Contribution	(14,866)	
Income from Investments	624	0
Rent	19	19
Reciprocal Arrangements	190	49
TOTAL RECEIPTS	**6,772,331**	**7,087,105**
EXPENDITURE		
Illness Benefit	773,490	846,510
Invalidity Pension	603,729	627,680
Partial Capacity Benefit	2,107	13,104
Occupational Injuries Benefits	100,095	98,260
Maternity Benefit	303,089	311,910
Health & Safety Benefit	518	690
Adoptive Benefit	459	1,230
Treatment Benefits	18,990	21,309
State (Con) Pension	3,800,277	3,759,164
State Pension (Transition)	146,493	153,897
Jobseeker's Benefit	737,038	773,480
Widows', Widowers' / Surviving Civil Partners' Pension (Contributory)	1,342,091	1,348,680
Guardians Payment	10,847	11,500
Widowed Parent / Surviving Civil Partner Grant	5,968	6,240
Deserted Wife's Benefit	83,551	82,500
Carer's Benefit	24,459	23,320
Bereavement Grant	19,759	18,700
Free Schemes (Insurance)	291,749	280,167
Redundancy & Insolvency	317,454	247,250
TOTAL SIF SCHEMES	**8,582,161**	**8,625,591**
SIF administration expenses	276,651	277,523
TOTAL EXPENDITURE	**8,858,812**	**8,903,114**
OVERALL SIF POSITION		
SIF Income	6,772,331	7,087,105
SIF Expenditure	8,858,812	8,903,114
Operating Balance (Surplus/Deficit)	**(2,086,481)**	**(1,816,009)**
Cumulative Fund Position: Drawdown from Vote 37:Subhead A41	**(2,086,481)**	**(1,816,009)**

Note: All figures are provisional and are subject to audit by the Office of the Comptroller and Auditor General.

Appendix 9

Social Insurance Fund – Provisional Outturn February 2013		
Scheme	**Income / Expenditure**	**Estimate**
	€000	€000
INCOME		
Income from Contributions	1,173,349	1,172,850
Income from Investments	0	0
Rent	0	0
Reciprocal Arrangements	0	0
TOTAL RECEIPTS	**1,173,349**	**1,172,850**
EXPENDITURE		
Illness Benefit	117,413	121,006
Invalidity Pension	103,805	103,574
Partial Capacity Benefit	877	895
Occupational Injuries Benefits	16,292	15,613
Maternity Benefit	46,455	45,895
Health & Safety Benefit	98	70
Adoptive Benefit	31	64
Treatment Benefits	2,347	2,886
State (Con) Pension	601,522	600,681
State Pension (Transition)	23,822	26,414
Jobseeker's Benefit	113,076	101,489
Widows', Widowers' / Surviving Civil Partners' Pension (Contributory)	206,810	205,111
Guardians Payment	1,668	1,728
Widowed Parent / Surviving Civil Partner Grant	933	1,164
Deserted Wife's Benefit	13,959	13,750
Carer's Benefit	3,964	4,218
Bereavement Grant	3,130	3,684
Free Schemes (Insurance)	50,284	56,317
Redundancy & Insolvency	32,243	22,334
TOTAL SIF SCHEMES	**1,338,731**	**1,326,893**
SIF administration expenses	32,942	32,942
TOTAL EXPENDITURE	**1,371,673**	**1,359,835**
OVERALL SIF POSITION		
SIF Income	1,173,349	1,172,850
SIF Expenditure	1,371,673	1,359,835
Operating Balance (Surplus/Deficit)	**(198,324)**	**(186,985)**
Cumulative Fund Position: Drawdown from Vote 37:Subhead A41	**(198,324)**	**(186,985)**

Note: All figures are provisional and are subject to audit by the Office of the Comptroller and Auditor General.