

Inspection of the
**BENEFIT INVESTIGATION
SERVICE** of the Social Security Agency

May 2006



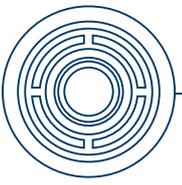


Inspection of the
**BENEFIT INVESTIGATION
SERVICE** of the Social Security Agency

May 2006

Criminal Justice Inspection
Northern Ireland
a better justice system for all







Contents

List of Abbreviations	iv
Chief Inspector's Foreword	v
Executive Summary	vii
Recommendations	ix
Part 1: Inspection Report	
Chapter 1 Introduction	3
Chapter 2 Leadership & Accountability	7
Chapter 3 Partnership Working	15
Chapter 4 Organisational Learning	17
Chapter 5 Delivering Results	23
Part 2: Appendices	
Appendix 1 Inspection Methodology	31
Appendix 2 Outline of BIS Processes	33
Appendix 3 Analysis of Fraud referrals, by source	35
Appendix 4 Staff Survey	37
Appendix 5 MORI Research	39
Appendix 6 Extracts from BFI Reports	41
Appendix 7 Analysis of fraud results	43
Appendix 8 Closure Categories	47
Part 3: SSA Action Plan in response to recommendations	50



List of abbreviations

AMB	Agency (SSA) Management Board
BIS	Benefit Investigation Service
BISMIS	BIS Management Information System
BSS	Benefit Security Service
CJI	Criminal Justice Inspection
DLA	Disabled Living Allowance
DSD	Department for Social Development
DSFA	Department of Social and Family Affairs
DWP	Department for Work and Pensions
FLO	Fraud Liaison Officer
FRISC	Fraud Referral Investigation Score Card
GMS	Generalised Matching Services
IGT	Intelligence Gathering Team
MOU	Memorandum of Understanding
MVA	Monetary Value Adjustments
NIHE	Northern Ireland Housing Executive
OFU	Organised Fraud Unit
PINS	Professionalism In Security
PPS	Public Prosecution Service
PSA	Public Service Agreement
PSNI	Police Service Northern Ireland
SLA	Service Level Agreement
SSA	Social Security Agency



Chief Inspector's Foreword

“There is no kind of dishonesty into which otherwise good people more easily and frequently fall than that of defrauding the government.”
(Benjamin Franklin)

This inspection examined the role of the Benefit Investigation Service (BIS), a unit within the Social Security Agency (SSA). The SSA is the largest government agency in Northern Ireland employing around 6500 staff and serving approximately 600,000 benefit customers. It faces a huge and complex task.

Within that task, tackling fraud and error are given a high priority. The Agency estimates that benefit fraud in Northern Ireland amounts to about £33m a year across all benefits, which equates to approximately 1% of the total benefit paid. It is a significant sum, but needs to be set in perspective.

The Social Security Fraud Act (Northern Ireland) 2001 and the Proceeds of Crime Act 2002 gave significant powers to investigators to pursue suspected fraudsters. They demonstrated the Government's commitment to equip agencies to tackle the problem of benefit fraud.

The existence of such powers means that high standards of investigation are necessary to ensure that people suspected of fraud are treated fairly. It is also essential that the evidence found is sufficient to caution, penalise or prosecute fraudsters.

Where a fraud is detected, the SSA will stop or reduce the benefit paid and will seek to recover the full amount fraudulently claimed as well as pursuing criminal sanctions where appropriate. Approximately one in ten fraud referrals in Northern Ireland lead to a form of sanction: formal caution, administrative penalty or prosecution of the suspect. It is important that where the case is proven, sanctions are sufficient to act as a deterrent to others.

This report highlights areas of good practice and some action points to improve the management of benefit fraud in the Criminal Justice System. I welcome the action plan prepared by the Agency, which is attached to this report.

I am grateful to the Agency for its co-operation and particularly for the participation and enthusiasm of BIS staff during the inspection. The Inspection Team led by John Shanks of CJI received valuable expert assistance from Robert Robertson (formerly of the Benefit Fraud Inspectorate) and from Mary Southgate (SSA).



Kit Chivers
Chief Inspector of Criminal Justice in Northern Ireland

Criminal Justice Inspection
Northern Ireland
a better justice system for all







Executive Summary

The SSA's accounts for 2004/2005 have again been qualified by the Comptroller and Auditor General for Northern Ireland. One of the reasons for this was the "significant levels of estimated fraud and error in certain social security benefits". The Public Accounts Committee has over the years shown keen interest in the efforts of the SSA to counter benefit fraud. There have also been a number of Parliamentary Questions asked in relation to the Agency's counter-fraud activities.

The Agency has a clearly stated objective to tackle fraud and a commitment in its business plan to apply a range of sanctions including the prosecution of offenders. The criminality of benefit fraud has not always been sufficiently appreciated by the public. The SSA sought to address this in March 2005 with the launch of a publicity campaign, "Benefit Fraud – It's A Real Rip Off". The campaign features on television, press and prominent billboards and a dedicated website.

The Agency's approach to reducing fraud and error is set out in its "Tackling Fraud and Error" Strategy, and is one of its five strategic priorities. Through its Benefit Security Directorate, the SSA has been developing counter-fraud processes and structures. BIS, with approximately 175 staff, is an important part of the structure. It is a discrete unit whose primary function is to gather intelligence, investigate and prosecute benefit fraud.

Inspectors found that there had been an improvement in the effectiveness of investigations over the past few years, but there is still scope for improving the "joined-up" approach to managing counter-fraud activities within the Agency. There was evidence of a managerial disjunction, which led to a degree of isolation for BIS. BIS staff in turn felt that they would benefit from a closer relationship with senior management, and also with colleagues in benefit offices, which would help to better inform the approach to tackling benefit fraud. There is scope for using the information the system generates to target fraud more effectively.

Areas of good practice within BIS include:

- development of specialist counter-fraud staff through accredited Professionalism In Security (PINS) training;
- the availability of extensive investigative powers within governing legislation;
- gathering of internal management information;
- good use of protocols, Memoranda Of Understanding (MOU) and Service Level Agreements (SLA) with partners;
- clear complaint handling procedures which are subject to regular review;
- raising public awareness of benefit fraud through the publicity campaign.



Areas for improvement identified by inspectors include:

- the management of counter-fraud activities within the Agency particularly through enhanced working between BIS and benefit staff. This would enhance working relationships, develop common corporate understanding with complementing plans, objectives, priorities and commitment to tackle fraud;
- the development of an SSA Fraud Response Plan to develop a better understanding of roles, responsibilities, commitments and timescales;
- increased use of available information for criminal intelligence to aid target setting, decision making and to identify, analyse and mitigate risks of benefit fraud;
- development of systematic learning to inform business priorities and practices, for example, enhancements to training and fraud awareness and implementation of recommendations identified in other reviews;
- the need for enhanced communication and partnership with the Public Prosecution Service (PPS) and the development of a working protocol including agreed quality standards;
- quantification and accurate reporting of branch and team workloads including overflow and overload work measurement and a continuous assessment of the adequacy of resources to meet strategic and operational targets;
- development of specialised and up-to-date procedural guidance for all investigative staff;
- the need to develop a more inclusive and participative management approach at all levels in BIS, including prioritising and managing workflows.



Recommendations

1. Leadership & Accountability

- 1.1 The SSA should assess and prioritise how best it can enhance public confidence through accurate and timely reporting of the progress being made in countering benefit fraud. (2.6)
- 1.2 The SSA needs to review with BIS Management the appropriateness and robustness of targets to deliver the optimum level of criminal sanctions in proven benefit fraud investigations and to report results in a clear and consistent manner. (2.8)
- 1.3 An SSA Fraud Response Plan should be developed, communicated and incorporated within training across the Agency to raise awareness of roles and responsibilities and to emphasise the corporate commitment to counter-fraud policies and initiatives. (2.9)
- 1.4 To enhance accountability the SSA needs to adopt a more holistic approach to manage counter-fraud efforts to ensure that BIS operations and benefit administration is more integrated in terms of planning, performance targets and priorities to support the delivery of counter-fraud strategic objectives. (2.11)
- 1.5 BIS Management should identify in its reports to the AMB key risks, accurate statistical reports, priorities, options and solutions to aid decision making and provide assurance that actions accord with the strategic intent. (2.16)
- 1.6 The SSA and BIS need to develop a formal counter-fraud education and awareness programme across the Agency, informed by an up-to-date understanding of fraud intelligence and results to ensure that staff recognise their responsibilities and duty to prevent fraud entering the benefits system. (2.17)
- 1.7 BIS Management should ensure that there is regular and systematic analysis of results and intelligence gathered to identify trends in benefit fraud and associated emerging risks. The analysis should also contribute to the development of business targets, allocation of resources and the continual improvement of performance, ensuring a maximum return for the application of fraud specialist resources. (2.21)

2. Partnership Working

- 2.1 Immediate work needs to be carried out to complete and formalise a protocol between BIS and the PPS to clearly establish the terms of engagement, quality standards (particularly in evidence requirements) and consistency in approach for



staff in both organisations. In addition, the SSA should consider the need for BIS to have direct access to a legally qualified and experienced person to lead the Prosecutions Team, be available to give legal directions to staff, oversee each case being prosecuted and enhance liaison with the PPS. (3.4)

- 2.2 As part of the development of its working arrangements with principal stakeholders BIS Management should consider the range and adequacy of targets in relation to quality and timeliness of investigations and their ability to meet common objectives. (3.5)

3. Organisational Learning

- 3.1 BIS Management should ensure that the development of new procedural guidance is a priority and is available to all staff. It is also important that consideration is given to securing adequate resources to review and update this specialist guidance when required. (4.2)
- 3.2 BIS should review the skills, competencies and experience needed for its operations and perform an up-to-date training needs analysis to ensure that all staff are adequately supported to meet the requirements of their jobs. (4.3)
- 3.3 BIS Management should seek other opportunities to gather regular and systematic feedback from its customer base to help measure any changes in public perceptions and learn how processes, performance and services could be improved. (4.7)
- 3.4 BIS Management needs to ensure that lessons learned from counter-fraud experience are shared with benefit administrators to improve the security of the benefit system. (4.17)
- 3.5 BIS needs to review previous recommendations for improvement, assess their current relevance and implement the necessary action. (4.19)

4. Delivering Results

- 4.1 BIS Management should liaise with GMS managers to develop a framework that helps determine the level, frequency and timing of GMS referrals to aid planning of work flows and adequacy of resources to address workload demands. (5.10)
- 4.2 The SSA needs to re-examine the adequacy of resourcing a counter-fraud effort that is intelligence-led and based on work volumes and productivity, while recognising that not all investigations will establish fraud. (5.15)
- 4.3 BIS Management should seek legal opinion on how to pursue suspected fraudsters who fail to attend interviews or keep appointments and also discuss prosecution options in such cases with the PPS. (5.16)

PART



Inspection Report





- 1.1 In December 1999 the Department for Social Development (DSD) was established as part of the Northern Ireland Executive. It has strategic responsibility for urban regeneration, community and voluntary sector development, social legislation, housing, social security benefits, pensions and child support. DSD public expenditure allocation for 2004/2005 was £4,222m which included £3,619m for social security benefit provision.
- 1.2 The SSA, which employs over 6000 staff, is an executive agency of DSD. Its stated aim is “to provide a fair system of financial help to those in need encouraging personal responsibility and improving incentives to work and save”. The key business operations of the SSA are to:
- assess and pay social security benefits accurately and securely;
 - give advice and information about benefits;
 - support people by helping them move closer to work;
 - handle benefit reviews and appeals;
 - prevent and detect benefit fraud, prosecute offenders and recover any benefit which has been paid incorrectly;
 - recover benefit which has been paid in compensation cases;
- assess people’s financial circumstances if they are applying for legal aid;
 - provide services to clients on behalf of the Department for Work and Pensions (DWP) in Great Britain.
- 1.3 The SSA currently estimates that in addition to staff and customer error, over £33 million (approximately 1% of the total budget) is lost through benefit fraud in Northern Ireland. This estimated figure is made up of:
- £9.2m for income support;
 - £6.3m for jobseekers allowance;
 - £6.9m for housing benefit;
 - £11m across a range of other benefits including incapacity, carer’s allowance, disability living allowance, retirement pension and pension credit.
- 1.4 We report later that the Comptroller and Auditor General for Northern Ireland qualified the Agency’s 2003/04 accounts because of the “significant levels of estimated fraud and error in certain social security benefits”. For the purposes of this inspection we have noted the efforts made by the Agency to improve the accuracy in benefit claims and we have concentrated on its efforts to tackle and reduce benefit fraud.



1.5 Benefit fraud takes many forms some of the most common types include:

- working while claiming benefit;
- living together;
- cashing benefit payment when not entitled;
- multiple-identity fraud;
- housing benefit fraud;
- falsely claiming benefit;
- failing to report a source of income;
- failing to report savings above the benefit level;
- failing to report a change of circumstances.

1.6 To counter fraud and error the SSA has developed formal arrangements to secure the Benefits system and protect public funds. It has a wide range of checks and operational processes designed to provide

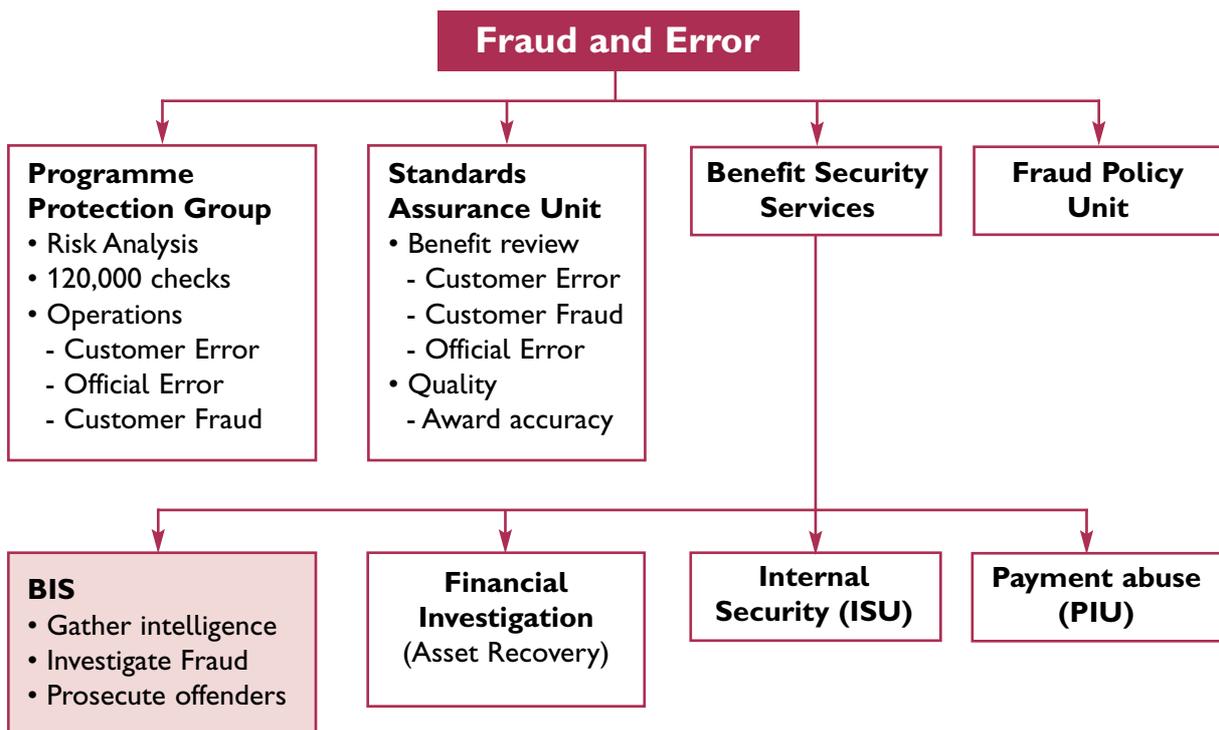
assurance that claims are secure and accurate and, where incorrectness or fraud is suspected, action is taken to remedy this. The location of BIS in this structured approach is shown in Figure 1.

1.7 The SSA makes arrangements to secure benefits at the point claims are made and has a series of routine checks designed to ensure they remain secure. Where fraud is suspected claims are referred to BIS for fraud investigation. As shown in Figure 1, BIS is a discrete unit, with specially trained staff and resources that are focused on three key functions to:

- gather intelligence;
- investigate fraud;
- prosecute offenders;

in relation to all allegations of benefit fraud.

Figure 1: SSA counter fraud organisational structure





1.8 Based on information supplied by BIS at the start of the inspection its work over the past two years has contributed to:

Table 1: BIS results for 2003/04 and 2004/05

	2003/04	2004/05
Number of Investigations	7761	9283
As a result of investigations there have been:		
Benefit Adjustments Resulting Savings	3944 (£6.25m)	4140 (£10.3m)
Referrals for Prosecution	345	329
Successful Prosecutions	191	Not Known
Imposition of Administrative Penalties (similar to fines)	101	168
Cautions Issued (over payments under £1,500)	54	118

1.9 While it is recognised that the SSA has wider responsibilities to secure benefits and ensure they remain so, the overall objective of the inspection was to evaluate the contribution that BIS makes to the Criminal Justice System. Appendix 1 outlines the methodology used for the inspection. This included a review of the benefit fraud investigation processes and the effectiveness of interactions between BIS and its Criminal Justice System partners in relation to both investigation and sanction activities.

1.10 To meet this remit it was necessary to look at the relationship that BIS had with other parts of the SSA and to consider how the overall effectiveness in reducing fraud could be improved. In addition, the

inspection sought to establish that efficient and effective:

- mechanisms were in place to investigate and prosecute fraudulent abuse of the benefit system;
- systems were in place to enhance public confidence that perpetrators of benefit frauds will be actively brought to justice.

1.11 While there is no precise legal definition of fraud, BIS defines fraud (as opposed to error) as being “when an individual or group of individuals purposely give false information or make false representations in order to receive benefit to which they are not correctly entitled”. A diagram of the central BIS processes is outlined at Appendix 2.



CHAPTER 2:

Leadership & Accountability within SSA for Fraud Management



- 2.1 The SSA Business Plan and summary results are published in the Agency's Annual Report & Accounts, which is available to the public¹. The Chief Executive is accountable to Ministers and to the Permanent Secretary of DSD for the Agency's performance against targets and key areas of work. The diagram outlined at paragraph 1.6 highlights the organisational structure currently used within SSA to counter benefit fraud. BIS provides regular information to the AMB and the DSD Management Board Fraud Sub-committee. The sub-committee was set up in March 2000 to oversee and coordinate counter-fraud activities throughout the Department, its Agencies and Non-Departmental Public Bodies. In its fifth report dated June 2005, the sub-committee reported that BIS had identified monetary value adjustments totalling over £10.3 million in the period April 2004 to March 2005, an increase from £6.25 million in 2003/04.
- 2.2 The SSA has a clearly stated strategic objective to improve accuracy and reduce fraud and error. This includes applying sanctions and the prosecution of offenders. The Agency's approach to reducing fraud and error is derived from its 1999 "Tackling Fraud and Error" strategy, which has been subject to internal review in 2003 and most recently in September 2005. While BIS has the main responsibility for investigating benefit fraud on behalf of the Agency, Inspectors were surprised to find that Operational Management did not see the connection between BIS activities and the Agency's achievement of the Government's Public Service Agreement (PSA) target "to reduce losses from fraud and error by a further 5% by 2006". They recognised that there was a tacit link to the target as "they deal with the failures of the system" and "through their existence may change the mindset of the public".
- 2.3 The Government's PSA target relates to four main benefits, namely: income support, disability living allowance, jobseekers allowance and incapacity benefit. Inspectors noted that in the 2004/05 SSA Annual Report and Accounts "results were not available" to communicate the level of success in relation to the overall target (PSA 1.7) in respect of the four

¹ Social Security Agency Annual Report & Accounts 2004-2005 ISBN 0-10-293927-6



benefits concerned. This was a missed opportunity to demonstrate to stakeholders and the public the progress being made by SSA to safeguard public monies against fraud.

- 2.4 The “Tackling Fraud and Error” strategy was developed in 1999, reviewed in 2003 and was under review again during the inspection in autumn 2005. Its four areas are as follows:
- Getting it right – making sure benefit payments are correct from day one
 - Keeping it right – ensuring that payments are adjusted as circumstances change
 - Putting it right – detecting when claims go wrong and taking prompt action to correct them, with appropriate sanctions to prevent recurrence
 - Making sure the strategy works – by monitoring progress, evaluating the strengths and weaknesses within the strategy and adjusting practices as appropriate.
- 2.5 While the Strategy offers a useful framework for BIS and the wider Agency to set out the Programme Protection responsibilities it needs to keep up-to-date with developments in modernising the benefits system and countering fraud, particularly in light of new and emerging risks. Inspectors found that the strategy developed in 1999 was still the basis of knowledge used in BIS although it was aware of policy developments, particularly in relation to a Compliance programme to be introduced in April 2006. Senior management indicated that implementation of the information

system to support the programme may now be postponed until 2007.

- 2.6 Future policy changes offer BIS a significant opportunity to improve its approach to targeting fraud as there will be a clear distinction between fraud and error in the Compliance programme. Claims involving suspected fraud will fall to BIS and other claims involving inaccuracy or incorrectness will be directed for “compliance” action in the SSA. This will improve the focus of BIS activities and help it direct resources. Overall effectiveness can be further improved if BIS makes better use of its management information and business intelligence to identify risks and targets these, appropriately.

The SSA should assess and prioritise how best it can enhance public confidence through accurate and timely reporting of the progress being made in countering benefit fraud.

- 2.7 BIS Operational Management developed a set of performance targets based on what they considered might be achieved with limited resources. Those targets were set in relation to successful benefit adjustments, cases referred for sanction and monetary value adjustments, for inclusion in the Chief Executive’s corporate plan. Inspectors noted the significant over-achievement of these targets for 2004/05 particularly in respect of monetary value adjustments, as set out opposite in Table 2.



Table 2: Chief Executive Targets - Fraud

	Target	Achievement
Successful Adjustments	4000	4140
Case Referred for Sanction	500	773
Monetary Value Adjustments (MVA)	£3.5m	£10.3m

2.8 Inspectors were informed that some targets were achieved in the first half of the year and management missed the opportunity to re-assess achievement and set more-stretching targets for the remainder of the year. This action would have been particularly beneficial for the application of sanctions and prosecutions as it would have clearly shown a commitment to meet the strategic intent. BIS Management indicated that they cannot control the annual amount gained through MVA and that overpayments and underpayments were added together to record the £10.3 achievement and they informed Inspectors there is a difficulty about how targets are set and the way analytical information is used to inform them. Indeed, the presentation of results, as shown in Table 2, does not make clear what is directly achieved in tackling fraud. The MVA total of £10.3 million includes an amount added for underpaid benefits. It also includes the totals of benefits overpaid that are not related to fraud with the remaining amount that might be attributable to counter-fraud activities. The specific information was not readily available and not used by BIS in any explicit way; therefore it cannot clearly show its contribution to reducing fraud.

The SSA needs to review with BIS Management the appropriateness and robustness of targets to deliver the optimum level of criminal sanctions in proven benefit fraud investigations and to report results in a clear and consistent manner.

2.9 Inspectors found that the SSA Business Plan stated that countering benefit fraud was a priority for the Agency, and this was reinforced by the Fraud Policy. In general, during the inspection BIS staff made reference to their knowledge of strategic objectives and targets and fraud policy procedures but Inspectors did not find the same level of awareness among other SSA staff. Inspectors noted the existence of a DSD Fraud Response Plan but found no evidence of an SSA Fraud Response Plan to guide all SSA staff and management in terms of roles and responsibilities when suspicions of fraud arose.

An SSA Fraud Response Plan should be developed, communicated and incorporated within training across the Agency to raise awareness of roles and responsibilities and to emphasise the corporate commitment to counter-fraud policies and initiatives.



2.10 The lack of a “joined-up” approach between BIS management and the SSA has created a disjunction which has in turn led to a significant degree of autonomy within BIS. While there were generally good working relationships between BIS and colleagues in the wider Agency, including a good understanding of the relevant evidence requirements, there was evidence of a fractured working relationship between benefit staff and BIS, particularly highlighted through the incompatibility of planning objectives, priorities, targets and outcomes. For example, BIS staff have performance targets to take cases through to the application of sanctions requiring a review of benefit claims including the calculation of any over or under payments. However, benefit decision makers have no specific targets to clear calculation and recovery of fraud overpayments, such work is fitted in when convenient and normally of lowest priority because decision makers have specific targets in other areas, for example determining benefit claims.

2.11 While Fraud Liaison Officers (FLO) have a role to help improve closer working arrangements, aligning work priorities and performance targets will do more to improve business results.

To enhance accountability the SSA needs to adopt a more holistic approach to manage counter-fraud efforts to ensure that BIS operations and benefit administration is more integrated in terms of planning, performance targets and priorities to support the delivery

of counter-fraud strategic objectives.

2.12 BIS Management has developed “a local five year strategy” to drive change:

- 2002/03 - Sort the structures
- 2003/04 - Sort the processes
- 2004/05 - Focus and emphasis on professionalism and quality
- 2005/06 - Do work quicker
- 2006/07 - Do more of everything, quicker and professionally to the required standard of quality (this is the year when BIS expects it “all to come together”).

2.13 This approach helps BIS produce an annual plan using a balanced scorecard approach setting out its key objectives, priorities and work programme. Inspectors were provided with a copy of the scorecard and managers told us that the performance targets and standards were set taking account of performance levels and the results considered to be achievable in light of available resources, as reported elsewhere.

2.14 Inspectors confirmed through discussions with managers and other staff that work priorities were not risk-based and that there was limited analysis of trends in benefit fraud, or assessment of business results that informed the setting of priorities. While four priority areas had been set – Generalised Matching Service (GMS), Publicity Campaign, Housing Benefit and Benefit Review – they had been considered as business needs rather than informed by an understanding of the relative risks of benefit fraud. (see Appendix 3)



2.15 Inspectors were encouraged to find that the SSA had developed a publicity campaign to raise public awareness of benefit fraud and reinforce the criminal nature of the offence. The “It’s A Real Rip-off” campaign was designed to highlight that stealing public money is a crime and a loss to other public spending priorities in Northern Ireland. The campaign arose from the Public Accounts Committee finding that public perceptions and attitudes indicated that a high number of people condoned benefit fraud. While this is an important initiative, Inspectors found that there were no additional resources allocated to handle any extra work arising from the campaign. This meant that other fraud referrals were simply placed in the overflow file (see further detail in Chapter 4). Inspectors found that referrals arising from the campaign were given high priority and, while there was some value in doing so, this was at the expense of other investigation work. SSA staff informed Inspectors of numerous and repetitive calls from the public referring to a lack of action on fraudsters previously reported. From an analysis of management information Inspectors found that the return, in terms of fraud proven in referrals through the publicity campaign, was initially low compared with a range of referrals from elsewhere.

2.16 A lack of effective planning will undermine any positive public perceptions gained from the campaign. Raising public awareness is important but so too is meeting public expectations that effective action will be taken against those

criminals who carry out the frauds. This means better use and targeting of resources and, indeed, additional resources on occasions, to handle the considerable volumes of work; there is little value in increasing an already considerable overflow of work or in being unable to handle other allegations of fraud.

BIS Management should identify in its reports to the AMB key risks, accurate statistical reports, priorities, options and solutions to aid decision making and provide assurance that actions accord with the strategic intent.

2.17 Raising fraud awareness among staff in the wider Agency is also an important means of preventing and detecting fraud in the processing of benefit claims. There have been some good efforts to raise awareness in the past and FLOs perform an important role. However, Inspectors found fraud awareness to be “patchy”. Some staff in Benefit Offices said that they had regular contact with the FLO although others could not recall any recent discussions. Some received feedback on fraud results others had none. Some staff in Benefit Offices did not see benefit fraud as an area of interest at all, “Fraud is not our business”, was a quote from a group of staff. Importantly, this issue was previously reported by the Benefit Fraud Inspectorate in 1998, more recently by the SSA in its review of its Security Strategy in 2003. This is worrying; staff in the front-line of benefit administration are best placed to identify suspected fraud, in many cases before benefit is paid. A failure to positively engage those staff will



seriously undermine efforts to prevent or detect fraud.

The SSA and BIS need to develop a formal counter-fraud education and awareness programme across the Agency, informed by an up-to-date understanding of fraud intelligence and results to ensure that staff recognise their responsibilities and duty to prevent fraud entering the benefits system.

2.18 While BIS gathers a range of business information Inspectors found that it did not make full use of the information captured to identify, manage and accurately report the levels of business and the risk priorities of emerging benefit fraud. At various points during the inspection Inspectors noted differences in key published statistics and information provided by BIS. Management acknowledged that there were deficiencies in the information systems and that “the outcomes are fluid depending on the date of statistical extraction”. However, Inspectors were encouraged to find a comprehensive range of data and management information relating to operational performance. There is evidence that BIS has considered information held on the throughput of workloads at each stage from initial referral to file closure. It records the suspicions of fraud, benefits involved, and details of the investigation, results and sanctions. BIS staff informed Inspectors that their approach tended to be target-driven rather than focusing on the quality of investigations.

2.19 BIS Management have specified a role for a Criminal Intelligence Analyst as consisting of three main levels which Inspectors would endorse:

- *Strategic*: Interrogation of the whole range of information held by BIS and examining, for example, what causes of fraud give the best results; what type of fraud is most prevalent; priorities of SSA; available expertise and skills of staff and how available resources can most effectively be used.
- *Area*: Looking at a particular region and looking at the population, profiling of customers likely to commit fraud. Also reviewing occupation types within a geographical area that are more at risk to benefit fraud.
- *Individual case analysis*: Examining the evidence obtained by an investigator on a particular case and working with the investigators.

2.20 During the inspection there was little evidence that the specified functions of the Criminal Intelligence Analyst were being requested or performed. Limited work had been done to identify the main areas of risk or benefits under threat, from any incidental or continuing analysis of information. As a result, BIS has limited knowledge of the local risks of benefit fraud and mostly relies on the generic structure of the Fraud Referral Investigation Score Card (FRISC) system.

2.21 Consequently, BIS has missed important opportunities to learn from its experience and develop an intelligence-led, risk-based approach to set its work priorities, target



resources and improve the return on investment.

BIS Management should ensure that there is regular and systematic analysis of results and intelligence gathered to identify trends in benefit fraud and associated emerging risks. The analysis should also contribute to the development of business targets, allocation of resources and the continual improvement of performance, ensuring a maximum return for the application of fraud specialist resources.



CHAPTER 3:

Partnership Working



- 3.1 Inspectors found that BIS had developed a wide range of Service Level Agreements (SLAs) and Memorandums of Understanding (MOU) with various stakeholders and that good liaison with the Asset Recovery Agency had facilitated the pursuit of several high profile cases. Feedback from stakeholders indicates that, in the main, BIS has a good standard of professionalism with its main partners achieved by the development of close-working arrangements. Regular meetings take place with BIS participating in the NI Identity Forum, the Gangmaster Forum and a Multi-Agency Forum that brings together interested parties in tackling fraud in its many guises. Inspectors were informed that these forums proved useful and facilitated learning through the exchange of information, development of good practices and attendance at conferences and meetings for fraud specialists.
- 3.2 BIS is also represented at various meetings with similar bodies from other jurisdictions such as the Department of Social and Family Affairs in Ireland and the DWP in Great Britain. Contacts have also been made with other European jurisdictions.
- 3.3 The PPS is the most important partner with BIS in the Criminal Justice System. The PPS reviews all cases referred for prosecution and both organisations appreciate the need to work closely to ensure efficiency and effectiveness in the process. Work continues on this although there is some frustration on both sides that the partnership is not fully effective. A senior official in the PPS told Inspectors that there were still frequent examples of poor quality submissions, incomplete evidence and weaknesses in witness statements that meant files were returned to BIS for further action. The view is that the continuing levels of poor quality files and evidence cause each party more work and delay bringing cases to court and, despite feeding back the standards of evidence required, the same mistakes were being made. The perception in the PPS is that staff in BIS are not being adequately trained on the standards sought in prosecution submissions. Between 1 May 2004 and 31 March 2005 the BIS Prosecution Team returned 144 (36%) submissions to Investigation Team Leaders for corrective action. The number of returns reduced to 103 (28%) between 1 April and 30 September



2005. The most common reasons for returns include:

- typed employer statement not included
- exhibits not labelled correctly or missing
- typed interviews under caution, statements missing or not signed
- QB38/36 missing, not signed or incorrect dates and names.

3.4 BIS management are aware of the need to build an effective partnership with the PPS and are engaged in that process and committed to making it work. They also knew of difficulties with the quality of submissions and witness statements, in particular. The PPS informed Inspectors that standards for witness statements have been discussed on a regular basis and were most recently agreed during meetings in 2005. BIS is now working to implement the new requirements. The PPS takes the view that the investigatory methods employed by BIS are too much concentrated on accumulating documentary evidence and that more attention should be given to statements based on investigator's observations. While BIS acknowledged the issues about quality of information it was also suggested that there was some inconsistency in the PPS about the type of evidence sought. This caused confusion in BIS and is an area for future discussions. BIS staff also said that the PPS was not always best prepared when presenting cases in court and that some prosecutors might benefit from a better understanding of the legislative framework that applies to benefit fraud investigation work.

Immediate work needs to be carried out to complete and formalise a protocol between BIS and the PPS to clearly establish the terms of engagement, quality standards (particularly in evidence requirements) and consistency in approach for staff in both organisations. In addition, the SSA should consider the need for BIS to have direct access to a legally qualified and experienced person to lead the Prosecutions Team, be available to give legal directions to staff, oversee each case being prosecuted and enhance liaison with the PPS.

3.5 During the inspection an external partner informed Inspectors that the quality of investigations by BIS was normally good but they had concerns about the time taken to process and investigate referrals. BIS Management were aware of the issue and said that resource constraints and the introduction of the "Fraud Act" had an impact on the options available and length of time needed for investigations.

As part of the development of its working arrangements with principal stakeholders BIS Management should consider the range and adequacy of targets in relation to quality and timeliness of investigations and their ability to meet common objectives.

Organisational Learning



Training and Development

- 4.1 It is mandatory that BIS staff are trained in PINS² and staff confirmed that PINS training modules had been updated on several occasions to reflect legislative and procedural developments. BIS management described formal arrangements to identify training needs through the regular performance appraisal process. However, Inspectors were informed that some staff would value refresher training to reinforce their knowledge and skills including opportunities for continuing professional development. Others expressed interest in more structured induction training, section-specific training and detailed training on benefit administration. Some investigation staff informed Inspectors that no other counter-fraud training had been identified or offered and some staff felt ill-equipped to maintain high standards of professionalism and considered that the lack of training and development showed that their efforts were not valued by the Agency.

Written Instructions and Guidance for Fraud Investigation Staff

- 4.2 Inspectors found that the current Fraud Investigation Guide required significant updating to provide the necessary guidance and support to facilitate staff in carrying out their duties. As an interim measure to the development of a new Fraud Procedural Instruction Guide, advice is issued through BIS Memos to inform and guide staff. In addition, staff are also encouraged to access guidance available to DWP investigation staff in Great Britain.

BIS Management should ensure that the development of new procedural guidance is a priority and is available to all staff. It is also important that consideration is given to securing adequate resources to review and update this specialist guidance when required.

2 Professionalism In Security a recognised professional standard for counter-fraud investigators



Staff Feedback

- 4.3 Some staff confirmed that team leaders provided feedback on performance while others were made aware of deficiencies when fed back by senior management within BIS or the Prosecution Team. However, there is no systematic feedback process that allows staff to consider performance and learn from results. While there is an annual staff appraisal system some staff informed Inspectors that they did not have current job descriptions or forward job plans, and some staff said that their personal targets had been set aside due to other priorities. Some had personal development plans while others did not. BIS Management considered there is good feedback through the appraisal system at least twice per year, which is supplemented by the recent introduction of “team time” meetings, use of management check forms (MC2s), and completion of certificates of assurance as part of the risk management process. BIS staff also referred Inspectors to their participation in the SSA staff survey, some details of which are shown at Appendix 4. However, an effective feedback process should be more about managers actively engaging staff on a continual improvement basis through regular reviews and assessments of results, discussing improvements and feeding into continual development activities with a shared objective to improve results, in addition to the regular performance appraisal process.

BIS should review the skills, competencies and experience

needed for its operations and perform an up-to-date training needs analysis to ensure that all staff are adequately supported to meet the requirements of their jobs.

Customer Feedback

- 4.4 The SSA commissioned a MORI poll in February/March 2005 before the launch of the “It’s A Real Rip-off” publicity campaign and a further poll was conducted in July/August 2005 to assess the impact of the campaign (see Appendix 5). Before the campaign the poll showed that the majority of respondents (82%) felt that benefit fraud was unacceptable while 12% felt that it was acceptable in certain circumstances. In the follow-up poll, 80% of respondents felt that benefit fraud was unacceptable while 15% felt it was acceptable in certain circumstances. 74% of respondents had seen or heard advertising relating to benefit fraud, most commonly (86%) on television. Comparing the follow-up poll with the baseline indicates a 3% increase (86% to 89%) in the level of seriousness respondents gave to false claims for benefit. When asked for the meaning of benefit fraud, a 12% increase was recorded for “cashing a benefit you are not entitled to” and 6% increase for “falsely claiming benefit”.
- 4.5 However, the publicity campaign has not changed how well informed respondents felt about benefit fraud with 43% still feeling poorly informed: unchanged from before the campaign. Appendix 5 provides more details of public perceptions in the



two MORI polls. BIS Management consider it too early to draw any conclusions from the campaign which will be extended for a further two to three years and results monitored over the longer period. The MORI consultants have suggested making the campaign more geographically-focused with billboards highlighting more localised messages in various cities and towns.

- 4.6 In April 2005 the Department for Employment and Learning and the SSA published the *Guide to Effective Complaints Handling*. Between July 2004 and June 2005 BIS received 59 complaints. The complaints process has provided a useful interface with customers³ to gather views on the adequacy of customer service. The complaints were made directly to the Chief Executive's Office or BIS and included allegations of fraud, information on BIS, staff attitude during interviews, personal information on the internet, and the length of time taken to complete investigations. All complaints were investigated with most replies issued within specified time limits. Inspectors found the complaints system was effective in BIS with ownership, management and procedures being clearly identified.
- 4.7 BIS had not considered gathering feedback from people suspected of benefit fraud or subject to sanctions. In discussion, the BIS view was that such comment would be wholly negative and of no value to the organisation. Inspectors spoke with

an offender and found some useful insights into the way the interview had been conducted, the completeness of information and the general processes of engaging the customer. BIS Management needs to consider what positive learning can be achieved from this source of feedback.

BIS Management should seek other opportunities to gather regular and systematic feedback from its customer base to help measure any changes in public perceptions and learn how processes, performance and services could be improved.

Processes - Managing Risks

- 4.8 Inspectors were informed that there are limited regular and systematic processes to review operational performance and learn the lessons from experience and results. While performance and operational targets have been set and achievement was monitored, the results were not considered or outcomes measured to identify trends and or risks or changing requirements. BIS Management said that some business results are reviewed to check performance against targets, every three months. (also see para 2.20)
- 4.9 Significantly, for an organisation set up to tackle benefit fraud, Inspectors found a lack of knowledge among staff about the main risks of fraud. Counter-fraud priorities were formed with limited knowledge about the profile, type, volume or frequency of

³ The term "customers" has been used to mean both alleged false benefit claimants or people who report benefit fraud



different fraud types. Some staff suggested to Inspectors that “easy hits and wins” were identified to achieve performance targets rather than there being a focus on the serious consideration of the wider risks of fraud. Operational business was led by mirroring the approach adopted in Great Britain and there has been little work done to identify the types, volumes or frequency of benefit fraud in Northern Ireland. BIS Management offered an alternative view that reviews of business results were used to develop priorities. However, Inspectors found that no security profiling had been done to learn more about the nature of risks from local intelligence. With a little effort Inspectors were able to identify some useful risk profiles using BIS information. In discussion with BIS Management and the Criminal Intelligence Analyst it was agreed that this type of regular analysis would be invaluable to help target fraud resources and inform a wider education and awareness programme.

4.10 The setting of work priorities designed to maximise GMS scans has diverted skilled resources away from tackling other key areas of benefit fraud. While results in adjusting benefit claims were impressive Inspectors found there was little effort targeted at the causes of fraud. BIS needs to review its experience here and restore the balance to target suspicions of fraud. Experience has shown that while GMS is a rich source for identifying incorrectness, a large majority of fraud investigators’ time and effort needs to be more

focused on other priority fraud work. As a result, other allegations of fraud can be set aside and not investigated. This underlines the message that more work needs to be done to develop the correct work priorities informed by better intelligence and a sharper understanding of the risks of benefit fraud.

4.11 Inspectors looked at existing management information and, while there were gaps, found that the top four most effective⁴ sources of referral (see Appendix 3) were:

- Prisoners Project (60%)
- Cross Border (59%)
- Information from Employers (57%)
- Housing Benefit GMS Scans (52%).

4.12 Interestingly, this compared with a different emphasis given by BIS to the four business priorities:

- General Matching Service (41%)
- Housing Benefit (28%)
- Benefit Review (12%)
- Publicity Campaign (4%).

4.13 From an analysis of management information supplied by BIS, Inspectors found that two of the four priority areas were providing little return in fraud results in proportion to the resource used and at the expense of other work on higher risk areas. BIS management informed Inspectors that directing investigative resources to GMS and Housing Benefit referrals has contributed to their successful involvement in benefit areas where the risk of fraud is considered to be high. The publicity campaign and benefit review cases have been taken forward as a business

4 Effective means any change or action taken as a result of an investigation that proves fraud.



need established by the Agency. The analysis also showed that a consistently high volume of allegations referred for investigation are initially sifted out because they are not in one of the four high priority areas. These referrals are then categorised as “overflow” with the likelihood that they will not be investigated.

- 4.14 These issues, together with the lack of planning for the publicity campaign and changing workload, principally due to GMS, raises concern about the resources and capacity to manage the workload. Inspectors also noted the BIS Management directions of 31 January and 6 June 2005 to place all low priority referrals over 180 days old, into an “overload” file. A referral categorised as “overload” will not be investigated. No referrals during 2001/02, 2002/03, or 2003/04 were categorised as “overload”. However, in 2004/05, 1239 referrals were categorised as “overload” because BIS resources could not meet the demand.
- 4.15 Through the use of the four high priority business areas it appears that BIS resources were actually targeted at lower categories of fraud risk and significantly high volumes of fraud referrals were not actioned, simply filed away in the “overflow” or “overload” files. Since the overall aim is to encourage the reporting of suspected benefit fraud and take effective action to reduce it, BIS Management needs to review the arrangements for managing its workload and consider the impact of this on both public and staff confidence.

Safeguarding the Benefit System

- 4.16 The examples above show that there is an immediate need to carry out regular, and systematic, learning from experience. Indeed, having appointed a Criminal Intelligence Analyst over two years ago, Inspectors found that they had never been required to analyse any of the causes of crime (see para 2.20): there is limited intelligence about the causes of benefit fraud in particular groups of people, types of benefit or locations in Northern Ireland. As a result, BIS cannot act effectively to detect fraud, nor identify the controls and practices designed to prevent fraud and ensure that fraudsters were deterred from committing the crime. This is a serious weakness in the fight against benefit fraud and undermines the credibility of the Criminal Justice System. However, it is encouraging that the Agency Management Board (AMB) accepts that the role of the Criminal Intelligence Analyst can be better deployed.
- 4.17 Such intelligence can also be used by benefit administrators to improve the checks and controls before benefit is paid or to target such checks during the currency of claims. It is recognised good practice to regularly review the efficacy of checks and controls to ensure that they work in practice, because some criminals will keep on trying to get round the defences. It is also vital that the effort to combat fraud does not falter, but is sustained, year in, year out. While the SSA has some checks and balances in benefit administration and Programme Protection, some significant opportunities have been



missed to learn from counter-fraud experience how administration checks and controls could be enhanced. Regular reviews of the effectiveness of the defences need to be informed by up-to-date knowledge of the types of frauds identified and an understanding of how they were committed. Only then can controls be improved. No such work has been done to ensure the security of the benefit system.

BIS Management needs to ensure that lessons learned from counter-fraud experience are shared with benefit administrators to improve the security of the benefit system.

Implementation of Recommendations from Previous Reviews

4.18 There are a number of issues first reported by the Benefit Fraud Inspectorate in 1998, repeated in 2003, that Inspectors found still feature to some extent as important barriers to progress and continued improvement. Some examples are outlined at Appendix 6.

4.19 While the SSA and BIS have made progress on various fronts, and introduced the Programme Protection plans, these extracts show that there is still more to be done to tackle some long-running issues that present barriers to progress in the fight against fraud.

BIS needs to review previous recommendations for improvement, assess their current relevance and implement the necessary action.



PSA Targets

- 5.1 The Agency's annual report for 2003/04 includes the Government's PSA Target 1.7 to:

"Reduce losses from fraud and error in four main benefits (Income Support, Jobseekers Allowance, Incapacity Benefit and Disability Living Allowance) by 5% (on the previous year's target) in each year to March 2006".

The target was not met and the annual report states that:

"Losses from fraud and error were not reduced by as much as 5% during 2003-04 but combined figures for Income Support and Jobseekers Allowance show a reduction from 5.7% to 5.6% equivalent to reduced losses of £590,000. Similarly for Incapacity Benefit the reduction was from 2.8% to 2.4% worth £1.28 million. Disability Living Allowance will be measured during 2004-05".

- 5.2 At the time of the inspection, the results for 2004/05 had not been reported although the Chief Executive provides quarterly updates to the Minister. A senior manager told us that while the overall targets

for reducing fraud and error had been set in relation to the PSA target there was no formal means of setting out a fraud strategy to meet the target. The Benefit Security Strategy is used by the SSA to meet the PSA target.

- 5.3 BIS managers set performance targets and these were discussed with the Operations Directorate. There had been discussions about developing a risk-based approach to tackling fraud and setting targets but this had not been progressed. BIS management told Inspectors that they had set their performance targets after considering what could be achieved with the available resources rather than adherence to the PSA objectives (see para 2.2). They said that it was difficult to see how the lower level targets for BIS fitted into the overall strategic targets for the Agency. There was a strong view expressed to Inspectors that the fraud and error targets that were currently linked should be separated, as this would make the BIS contribution more explicit and the results more meaningful in the fight against fraud. They also questioned if the balanced score card approach fitted into the Agency targets and strategy.



Strategic Management

- 5.4 BIS Operational management expressed the view that the SSA did not provide the necessary direction that BIS needed to focus its work and apply its resources effectively and that there was limited interest in developing the Branch, focussing only on the delivery of targets. Views were also expressed that there was an obvious need to do more to prevent fraud, but the Agency showed no real desire to learn how this might be achieved. There is a need to improve communications from the SSA so that BIS can develop a better understanding of how its business fits with the strategic intent.
- 5.5 It was acknowledged to Inspectors that Agency targets were concentrated on the accurate and timely payment of benefit and there were conflicts when decision makers⁵ were asked to handle fraud cases. The priorities for decision makers do not include fraud, so the Agency does not support BIS to see fraud cases through to conclusion. BIS Management agreed that there is an immediate need for some “joined-up” thinking between SSA and BIS to align work priorities and targets.
- 5.6 Inspectors were informed that staff felt SSA senior managers took little input for decision making from BIS operations. If the results were good they received a “tick in the box”, if bad, a reprimand - the perception was that everything was fine if targets were being met. Managers need to do more to communicate the use

made of performance information in meeting business and strategic objectives.

- 5.7 BIS staff need to better understand the strategic framework within which targets are set, so that the Chief Executive can be assured that those targets are clearly seen to support the Agency’s five priorities. This would be helped by better communication through the various tiers of management so that all parties are clear about what is expected. BIS believes that targets should be resource-driven and set to tackle the main sources and types of fraud risk. Overall, in BIS there was greater emphasis on tackling incorrectness in benefit claims than tackling benefit fraud and this was seen as not making the best use of its professionalism and specialist skills.

Improving Operations

- 5.8 BIS has gone through a period of change over the past few years, (some examples being the introduction of the Fraud Act and handling GMS referrals) described by BIS Management as moving from a reactive to a proactive approach to tackling fraud. This has meant supporting long-serving staff and the introduction of new operational practices. These changes have worked well in some parts and proved more difficult in others. There is better efficiency offered in the information and evidence gathering approach taken by the Intelligence Gathering Team (IGT) and this had helped to streamline and standardise initial

⁵ Decision makers – specially trained staff who determine benefit entitlement



actions. However, there is further work to be done here as Inspectors were told of problems caused by IGT not understanding specific evidence needs, requesting incomplete information and sometimes the wrong information, causing delays and missed opportunities to react promptly to investigate fraud. There was also evidence of tension between many of the investigators and the so-called “centre” groups – IGT, Fraud Act Team and the Prosecution Team.

- 5.9 Some resistance to change might be anticipated and there is clear evidence that it exists. However, BIS needs to work to reduce those barriers to progress and there was little evidence that all staff were engaged in the change process. The Director indicated that “teething problems are to be expected during the early days of all new processes.” BIS has more work to do to achieve its ambitions to improve operations.
- 5.10 During the inspection the work programme was dominated by processing and investigating anomalies in the data arising from various GMS scans. Staff at all levels showed frustration at the emphasis and extent of effort applied to this type of work. BIS Management informed Inspectors that six months planning had been set aside to handle some 2000 referrals from such a scan received earlier in the year. The opportunity cost of this decision was the setting aside of new Disability Living Allowance (DLA) and Organised Fraud Unit (OFU) investigations. There was concern that BIS had little control over the timing, focus or size of the scanning

exercises; decisions on these were taken by senior Fraud Managers in Great Britain.

BIS Management should liaise with GMS managers to develop a framework that helps determine the level, frequency and timing of GMS referrals to aid planning of work flows and adequacy of resources to address workload demands.

- 5.11 While it is widely recognised that there can be a high yield, in terms of identifying fraud and error, from this type of data matching, the demands on current counter-fraud operations are excessive each time a scan is run. BIS Management informed Inspectors that regular GMS scans will be done for the foreseeable future and estimated that BIS could employ another 30 or 35 full-time investigators (some 30% more than now) handling the volumes of work. An immediate consequence of this is the displacement of other types of fraud investigation work.
- 5.12 The effect that set priorities have on other work volumes was reported earlier. Inspectors were surprised to find that almost 2,500 fraud referrals made will never be actioned. Unfortunately, this sends out a message to criminals that even if they are reported there is a likelihood that no investigation will take place. This also weakens the strategic statement that tackling fraud is a key objective and undermines the Government’s pledge to continue driving down the levels of benefit fraud. In the report “Reducing Fraud in the Benefit System” the Secretary



of State for Social Security and Government Ministers made it clear that *“Benefit fraud is a crime. It is theft from the taxpayer and the most disadvantaged, who could benefit more substantially from the total resources allocated if others did not choose to exploit the benefit system for their own gain”*. Eliminating a culture where defrauding others is seen as acceptable is part of the wider Respect agenda.

5.13 The inability of BIS to investigate all suspected fraud referrals weakens its ability to eliminate such a culture in Northern Ireland. This is evidenced by the increasing use of “overload” as detailed in Figure 2 (see Appendix 7). It also undermines the statement made by the Minister when launching the “It’s a rip-off” publicity campaign. *“This campaign highlights the fact that we do and will actively pursue anyone setting out to fraudulently claim benefits. This shouldn’t be tolerated by society in general, and it won’t be tolerated by us. We are targeting them for investigation; we are building our case against them and we will go after them through the courts”*.

5.14 The Chief Executive informed Inspectors that BIS staffing levels had been maintained despite the SSA having to make reductions elsewhere. This was offered as an indication of its commitment to tackling fraud. Directors also said that there were opportunities to focus fraud resources more directly at fraud risks when the “Compliance Programme” was introduced in April 2006.

5.15 We have reported that BIS has a rich source of management information and fraud intelligence. It needs to use this to identify which types of referrals offer the best return in terms of positive outcomes and concentrate its efforts on tackling the full range of crime and criminals. It is not acceptable in any Criminal Justice System for some types of fraud to go unpunished, or particular locations to be exempted from proper and effective investigations. There is a difficult balance to be struck but it is vital that the counter-fraud effort is sufficiently resourced and well managed if Government objectives are to be met.

The SSA needs to re-examine the adequacy of resourcing a counter-fraud effort that is intelligence-led and based on work volumes and productivity, while recognising that not all investigations will establish fraud.

5.16 The Government has also said that emphasis should be placed on tackling serious, high-value frauds. Our analysis of management information showed that, while the GMS work was high in volume, with a good return, staff considered it was mostly low in value despite the fact that there were several high value cases being referred for prosecution. This presents BIS with a dilemma as the current levels of resources were stretched beyond any considered approach. It is likely that much of the high-value fraud is, by its nature, complex and difficult to prove and



investigations can be lengthy. Investigators recognised this and told Inspectors of numerous cases abandoned because of the complexity involved, or the time taken to complete. BIS Management disputed this fact and said that such cases are abandoned because of inadequate evidence. Inspectors also found that sanctions were not pursued when suspected fraudsters did not attend for interview under caution (approximately 100 cases per year) the only action taken was to consider adjustments to benefit. Staff informed Inspectors that, due to the nature of the work involved in investigations; this practice is very demoralising as there is no positive outcome in such cases.

BIS Management should seek legal opinion on how to pursue suspected fraudsters who fail to attend interviews or keep appointments and also discuss prosecution options in such cases with the PPS.

- 5.17 During the inspection the OFU, set up to investigate the more complex types of frauds, had been diverted to carry out GMS work, so no action at all was being taken to investigate those organised, “high value”, crimes. In addition, the DLA Investigation Team was also diverted to GMS work resulting in minimal coverage of DLA fraud investigations, yet DLA is one of the Agency’s top five priorities. These decisions need to be reconsidered urgently to ensure Government objectives are being met.
- 5.18 Appendix 7 shows an analysis of fraud results in the period April 2002 to February 2006. While the BIS dataset is limited, with some gaps, the analysis suggests that the relationship between effective and non-effective investigations is relatively stable, although the figures may be distorted for 2004/05 due to the introduction of GMS activities.
- 5.19 The results for 2002/03 and 2003/04 provide a general pattern of results as the majority of investigations had reached a conclusion while the later years give a good indication of the lifecycle of investigations.
- 5.20 Earlier in this report, Inspectors raised the issue that BIS resources were targeted at significant levels of “non-fraud” work. Managers have accepted this and plan to refocus activities when the Compliance Programme is introduced.
- 5.21 Inspectors also found high levels of ineffective results relative to the positive outcomes from other investigations. While there will always be some unproductive work, particularly in complex fraud investigations, BIS needs to look carefully at the application of resources and the means of targeting skilled staff at known, and up-to-date, risks of benefit fraud. The Chief Executive has stressed a commitment to maintain BIS resource levels despite pressures to make savings. This makes the need to achieve better value for money all the more important.



PART



Appendices





Appendix 1

INSPECTION METHODOLOGY

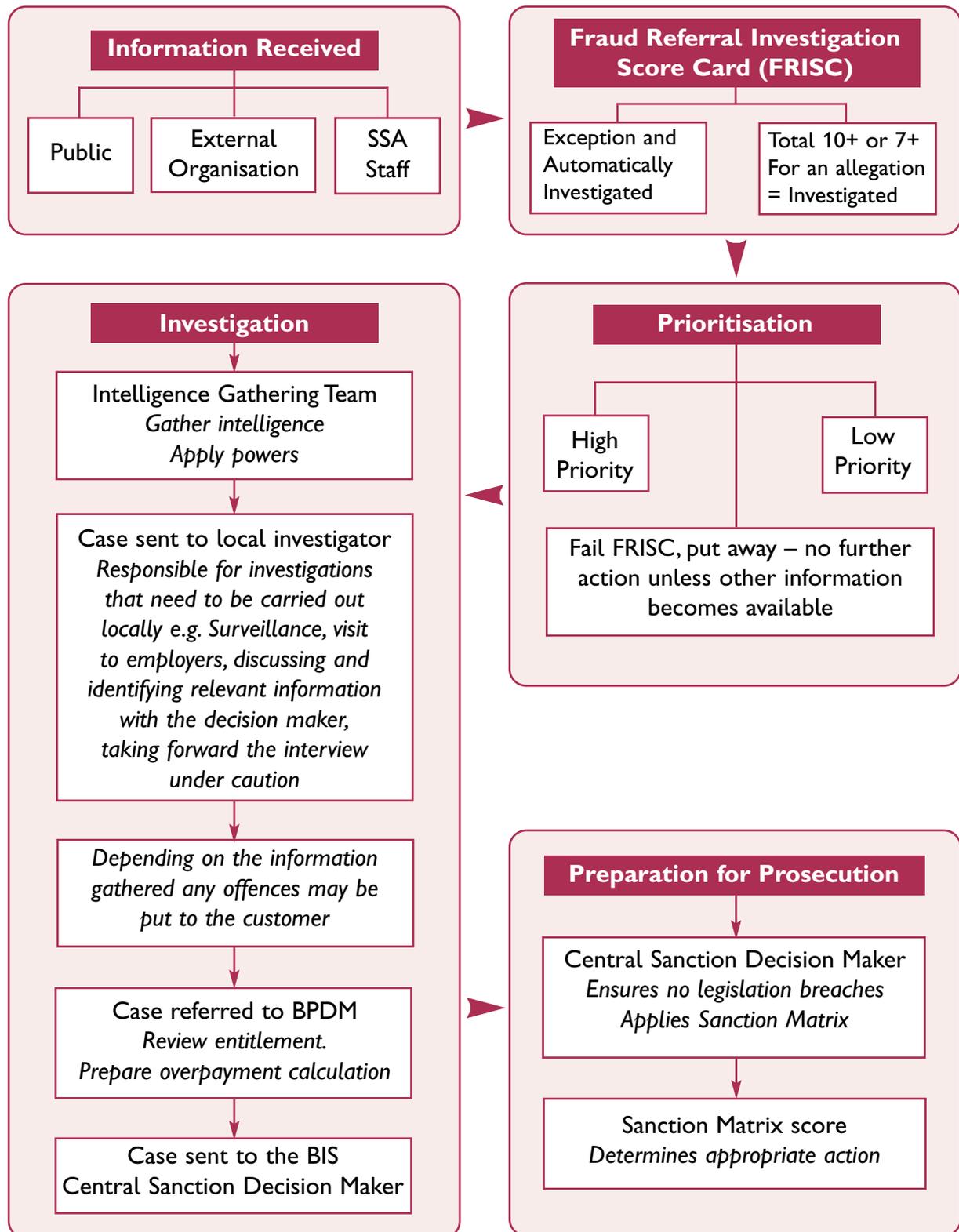
- 1 The initial approach applied within this inspection was to undertake research into benefit fraud issues and develop a Project Initiation Document detailing:
 - background information;
 - proposed terms of reference;
 - assessment of resources required to undertake the inspection;
 - risk overview;
 - inspection work plans including phases and key activities;
 - agreement of key sources of information and statistics; and
 - identification of key stakeholders and contacts for the inspection.
- 2 An official inspection notification letter was sent to the Chief Executive of the SSA informing him of the proposed inspection. This included an outline of the proposed timeframe, brief overview of the methodology including the request for self-assessment. A list of key documents was also requested.
- 3 Meetings between SSA, BIS and CJI took place to outline in more detail the methodology for the inspection, provide any additional support and assistance (e.g. with self assessment) and answer any queries from BIS. It also provided an opportunity to confirm the list of stakeholders to be consulted.
- 4 A self assessment exercise was completed by BIS to critically assess its own strengths and weaknesses against a common core matrix to aid CJI the self assessment including modifying and updating the approach to the fieldwork phase.
- 5 Based on approved work plans an inspection team undertook fieldwork to collect and validate information by various methods including:
 - requests to stakeholders for their assessment of the effectiveness of investigative service delivery, sanction and prosecution success and their suggestions for improvement;
 - use of recent published statistics and research material;
 - communication with the lead agencies and supporting bodies for specific information requests including annual reports, corporate and business plans;
 - examination of any review reports, briefing documents, web-sites, legislation, management information, targets and commentaries;
 - interviews and discussion forums with individuals, focus groups and community based support groups;
 - interviews and workshops with BIS staff and the main criminal justice agencies and their partners.



- 6 Information was be recorded, evaluated and reviewed by the inspection team to facilitate the:
 - recording and analysis of emerging findings;
 - evaluation of facts and findings and formulation of recommendations;
 - preparation of a draft report for consultation; and
 - development of a final report for issue.
- 7 The final report will be circulated and will also be made available on the CJI website once publication has been agreed by the Secretary of State.
- 8 SSA will be invited to co-ordinate the development of an Action Plan in response to the reports recommendations for inclusion in the published final report.

Appendix 2

OUTLINE OF BIS PROCESSES





Appendix 3

ANALYSIS OF FRAUD REFERRALS - BY SOURCE

The following table of data extracted from BISMIS represents the analysis of the number of investigations that were either effective or ineffective by the source of referral between April 2003 and September 2005. This “snapshot” was completed on 11 November 2005 and shows that the top 5, most effective, sources of referrals were the “Prisoners project” (60%), the “Cross Border” initiative (59%), information from Employers (57%), Housing Benefit GMS Scan (52%), and the Organised Fraud Unit (42%). Of particular note was the effective rate (27%) of the information from Social Security Officers and the Publicity Campaign (4%).

Source	Number of cases Effective	Ineffective	Effectiveness Percentage
PRISONERS PROJECT	1241	836	60%
CROSS BORDER (Commencement of Employment)	10	7	59%
INFORMATION FROM EMPLOYERS	4	3	57%
HOUSING BENEFIT GMS SCAN	175	162	52%
ORGANISED FRAUD UNIT	76	107	42%
GEN MATCHING SERVICE	1297	1859	41%
CHILD SUPPORT AGENCY	55	92	37%
EMPLOYER SURVEY	51	99	34%
JOINT OPERATION SHADOW EMPLOYMENT TEAM	11	22	33%
DISABILITY LIVING ALLOWANCE	31	67	32%
INLAND REVENUE	7	16	30%
POLICE SERVICE NI	4	10	29%
NI HOUSING EXECUTIVE	205	537	28%
INFORMATION FROM SSO	329	895	27%
ANON INFORMATION	592	1621	27%
CROSS BORDER REF/DSFA	4	11	27%
CUSTOMS AND EXCISE	3	9	25%
HOTLINE	105	409	20%
BENEFIT REVIEW	8	58	12%
INFORMATION FROM INCAPACITY BENEFIT BRANCH	12	116	9%
PUBLICITY CAMPAIGN	4	87	4%
INFO FROM CARERS ALLOWANCE	0	0	0
INFO FROM LEGAL SERVICES COMMISSION	0	1	0
INFO FROM National Criminal Intelligence Service	0	2	0
Lost Order Book Office	0	1	0
PAYMENT INVESTIGATION UNIT	0	0	0
UNKNOWN	0	1	0
TOTAL	4224	7028	-



In discussions with BIS Management it was highlighted to Inspectors that there are overlaps in some of the categories used resulting in lack of clarity and reliance that can be placed on information to aid decision making. Inspectors also considered that some categories were non-specific (e.g. GMS) and others out of date; a review of categories would be helpful if informed by a clear set of learning objectives to enable better intelligence gathering and analysis in the future.

The table shows that the top five sources in terms of yield (effective) do not match with BIS priorities (shown in bold) this would indicate that resources were not being targeted at the most productive areas to tackle fraud and opportunities to reduce the main risks of fraud, through investigation, were being missed. BIS Management informed Inspectors that BIS did not target “prisoner cases”, benefit is adjusted as soon as the irregularity is identified. This raises further doubts about the relevance of some of the data captured and confirms the need for the dataset to be reviewed.

Appendix 4

STAFF SURVEY

Information was provided to CJI with regard to a staff survey conducted in May 2005 comparing results (combining very satisfied and satisfied) between the benefit Security Service (BSS) (including BIS staff views) and all SSA. While many of the survey questions showed some percentage variation between BIS and all SSA, table 1 shows the questions with variation greater than 6 percent.

Question	All SSA	BSS
I believe that the SSA provides a valuable service to society	76%	68%
I have the opportunity to contribute my views before changes are made that affect my job	19%	26%
I have access to IT that helps me do my job effectively	79%	86%
Line management encourages me to take responsibility and use my initiative	71%	64%
Line management gives me the opportunity to consolidate the new skills I have learned after training	49%	56%
Alternative working patterns	48%	56%
Team meetings	60%	71%
Senior management (Grade 7 & above) actively seek staff views and opinions	17%	28%
Senior management (Grade 7 & above) give staff feedback on issues raised	18%	30%
Communication in my office/branch/section is effective	33%	41%
How stressful do you find your job?	29%	39%
I have to work in excess of my conditioned hours to keep up with my workload	32%	44%
Promotion	24%	32%
Career Development	18%	27%
I believe that I could use the complaint procedures without any negative impact on me	25%	38%
% subjected to bullying	21%	30%
I am satisfied with my current job	45%	56%
Overall level of satisfaction with SSA	30%	41%
I believe NIPSA (Trade Union Side) is given appropriate recognition in the workplace	31%	39%



From the table it is clear that staff from BSS are more satisfied than all SSA with regard to contributing their view, access to IT, training, alternative working patterns, team meetings, senior management, communication, promotion, career development, using the complaint procedure, trade union, current job satisfaction and overall satisfaction with SSA. However, staff from BSS are less satisfied than all SSA with regard to the valuable service SSA provides to society, find their job more stressful and work in excess of their conditioned hours.

Other notable results were the low percent recorded for *things getting better in the SSA* with 16% for all SSA and 21% for BSS. Also, *I feel that I am valued by the SSA*, 14% all SSA and 15% BSS. Eighteen percent for all SSA and 20% for BSS was recorded for *promotion opportunities*. Although higher for BIS (28% and 30%) than all SSA (17% and 18%) the percentages were nevertheless low for *senior management (Grade 7 & above) actively seek staff views and opinions* and *senior management (Grade 7 & above) give staff feedback on issues raised*. Finally, it was noted that for both *bullying* (21% and 30%) and *harassment* (16% and 18%) the percentages were higher for BSS than all SSA staff but lower for *discrimination* (15% and 14%).

Appendix 5

MORI RESEARCH

Question	Baseline figure	Follow-up figure (July 2005)
How serious are the following activities in NI		
Claiming benefit and working full-time	86%	89%
To declare money and savings in the bank	53%	59%
What does the term benefit fraud mean to you?		
Claiming benefit and working full-time	67%	63%
Cashing a benefit you are not entitled to	37%	49%
Falsely claiming benefit	15%	21%
Living together but claiming benefit separately	8%	6%
How well informed about Benefit Fraud?		
Very well informed	4%	8%
Quite well informed	30%	31%
Neither	18%	13%
Quite poorly informed	27%	26%
Very poorly informed	16%	17%
Don't know	6%	5%
What is your attitude to benefit fraud generally?		
Acceptable	0%	1%
Acceptable in certain circumstances	12%	15%
Unacceptable	82%	80%
Don't know	5%	4%
Seen/heard advertising relating to benefit fraud?		
Yes unprompted	-	61%
Yes prompted	-	13%
Have not seen	-	23%
Don't know	-	2%
Where have you seen or heard this advertising?		
Television	-	86%
Outdoor – on an adshel, billboard, bus shelter	-	26%
Newspaper	-	6%
Radio	-	4%
Outdoor – on a bus/other vehicle	-	3%
Other	-	1%





Appendix 6

EXTRACTS FROM BFI REPORTS

Extracts from the Benefit Fraud Inspection report, 1998

- 4.26 Risk analysis and knowledge of the stock of fraud are essential elements in the fight against benefit fraud. Although the Agency is planning a series of Benefit Reviews to start later this year, little is currently known about the stock of fraud. Fraud Prevention Branch (FPB) could also benefit from identifying key areas of risk and focusing resources on them.
- 5.45 An important aspect of any counter fraud strategy is a prosecution policy that can be clearly communicated and is understood by staff and public alike.
- 5.46 Our inspection also confirmed that the delay in securing calculation and adjudication of fraudulent overpayments from other Agency staff is a significant barrier to FPB's efforts to increase the number of successful prosecutions. We recommend that the Agency's Operations Director issues a direction to all business units stating that any requests from FPB for the calculation and adjudication of fraudulent overpayments in potential prosecution cases are given high priority by other Agency staff.
- 6.8 We recommend that the Agency strengthens the present arrangements for detecting fraud by
- building closer links between FPB and other Agency staff, especially those working in the centralised benefit-paying areas and SSO staff involved in NCA and TR work
 - providing regular feedback to Agency staff on the progress and outcome of referrals

Extracts from the Benefit Fraud Inspectorate report, 2003

- 1.8 [The Agency] has introduced initiatives to drive improvement and these include delivering fraud awareness to staff and the creation of a Fraud Liaison Officer. However, to increase its impact in reducing the level of fraud, an effective anti-fraud culture needs to be developed among staff and the public.
- 1.15 While claims are dealt with speedily, there is a need to balance turnaround times with assurances on quality. We found that by not always following procedural guidance, claims are not verified to the levels that they should be in all cases. In addition, processing staff are not always challenging those applications where circumstances might indicate fraud.



Extracts from the Benefit Fraud Inspectorate report, 2003 *continued*

- 1.19 There is a need to place greater emphasis on breaking down the barriers that exist to effective prevention, detection and deterrence of fraud. There is little analysis on the reasons for fraud occurring ...
- 2.263 ... initiatives, together with the detection work of local investigation staff, are positive ways to tackle the loss to public funds that result from fraud. However, the apparent high level of fraud and the results of our discussions with staff and managers suggest that there is also a need for:
- greater synergy between the [Social Security Office] and investigation staff
 - greater staff awareness and involvement in preventing and deterring fraud
 - greater education of the public to get over the message that benefit fraud will not be tolerated.
- 2.264 The changes that are needed are mainly cultural and these will not be easy to achieve. Following such changes, time is usually needed before improvements materialise. However, we consider that the promotion of an anti-fraud culture is needed among staff and the public alike, before real benefits will accrue from the initiatives being taken.
- 2.265 If the level of fraud is to be reduced a crucial factor is that effective liaison exists between District staff responsible for the assessment and payment of benefit and staff responsible for the investigation of benefit fraud.
- 2.282 In discussions with District staff and investigation officers, it is clear that relationships have improved over time, with improved liaison and co-operation. However, some District staff expressed the view that they did not like to be seen to be associated with the investigation of fraud as this compromised their role of customer service.

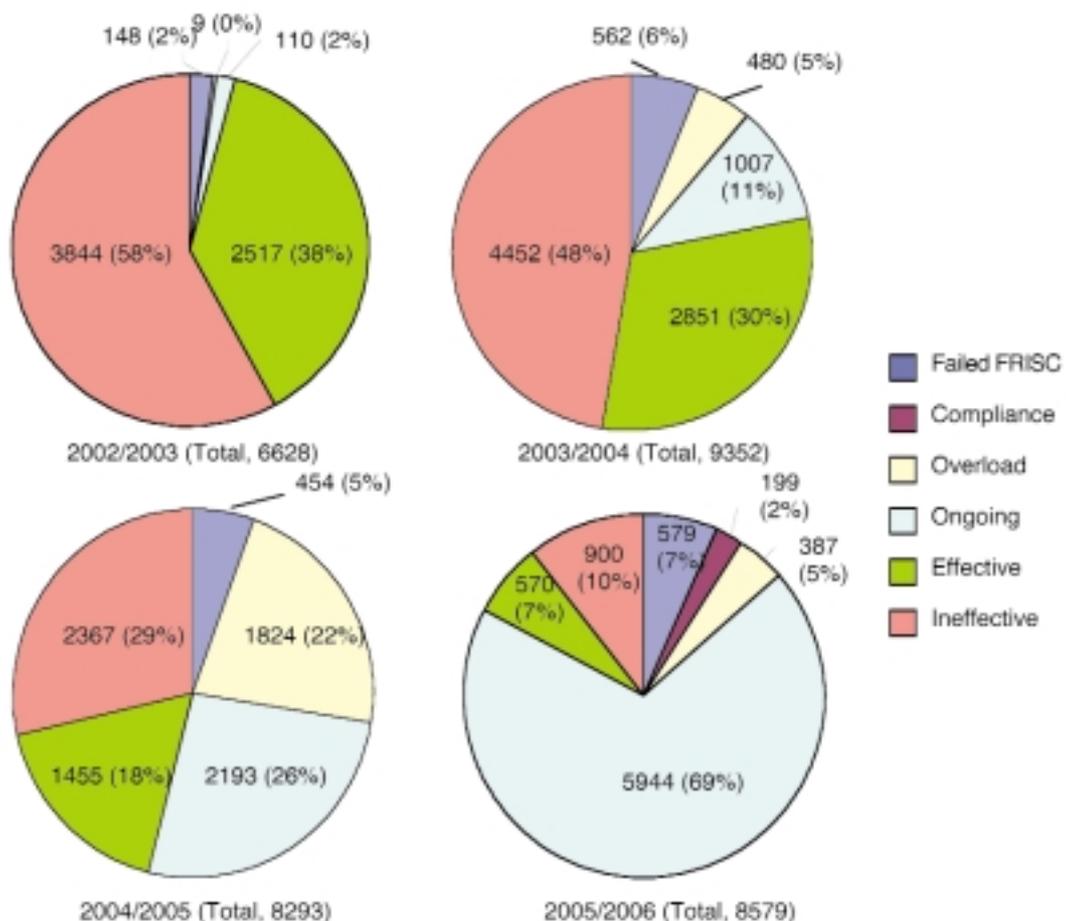
Appendix 7

ANALYSIS OF FRAUD RESULTS: April 2002 to February 2006

The following charts (Figure 2, 3 and Table 3) set out the distribution of results, or current status in respect of referrals made to BIS between 1 April 2002 and 13 February 2006. The analysis is based on data supplied by BIS.

The data for 2002/03 provides a good example of the results of all referrals received in a financial year, this is despite significant changes (GMS and the Fraud Act). With only 2% of referrals still continuing, it showed the effective rate of investigations was 38%, with 58% ineffective, 2% failing FRISC and 9 cases filed in “overload”. Data for 2005/06 gives some indication of the length of time required to conduct an investigation with 69% of cases continuing, those levels reducing as investigations developed, shown by 11% continuing investigations in 2003/04 and 2% in 2002/03.

Figure 2: Current status of referrals received by BIS between 1 Apr 02 and 13 Feb 06





While the data is limited the analysis doesn't wholly support the view expressed by BIS Management that it takes relatively longer to prove a fraud. The maturity of the data suggests that the relationship between effective and non-effective investigations is relatively stable, although the figures may be distorted for 2004/05 due to the effect of GMS activity.

Of note are the increasing number of cases that fail FRISC (from 2% in 2002/03 to 7% in 2005/06), along with referrals filed in "overload" (9 cases (<1%) in 2002/03 to 1824 cases (22%) in 2004/05), which again can be attributed to the displacement caused by GMS workloads.

Table 3 shows the number and percent of effective investigations. Many investigations received during 2004/05 and 2005/06 continue therefore the percentage of adjustment (overpayment, underpayment or stopped) or sanction (administration penalty, formal caution or prosecution) is small. However, the data for 2002/03 and 2003/04 provide a general pattern of results.

BIS prosecutes referrals where the value of the fraud is over £1,500 therefore most effective investigations lead to a benefit adjustment. Taken as a whole benefit adjustments ranged from 66% to 99% of all effective investigations in the period, although it is accepted that the 2005/06 results will be affected by higher levels of continuing investigations. These results also show that BIS has been focused more on incorrectness rather than fraud since 2002, and the introduction of GMS activity in 2004 has continued this trend. A small number of effective investigations were carried out by OFU then sent to the Police Service Northern Ireland (PSNI) with the remaining effective investigations closed (see Appendix 8 for closed categories).

Table 3: Results of effective investigations

	2002/03	2003/04	2004/05	2005/06
Adjustment	1788 (71%)	1869 (66%)	1238 (85%)	567 (99%)
Closure	251 (10%)	142 (5%)	41 (3%)	0 (0%)
OFU – to PSNI	5 (0%)	1 (0%)	1 (0%)	0 (0%)
Formal Caution	34 (1%)	70 (2%)	24 (2%)	0 (0%)
Administrative Penalty	102 (4%)	159 (6%)	31 (2%)	1 (0%)
Prosecution	337 (13%)	610 (21%)	120 (8%)	2 (0%)
Total	2517	2851	1455	570

Setting aside continuing investigations and looking at all closed investigations from April 2002 to February 2006 shows that the effectiveness level is consistent, between 38% and 40%, as Figure 3.

Figure 3: Percentage of effective and ineffective closed investigations

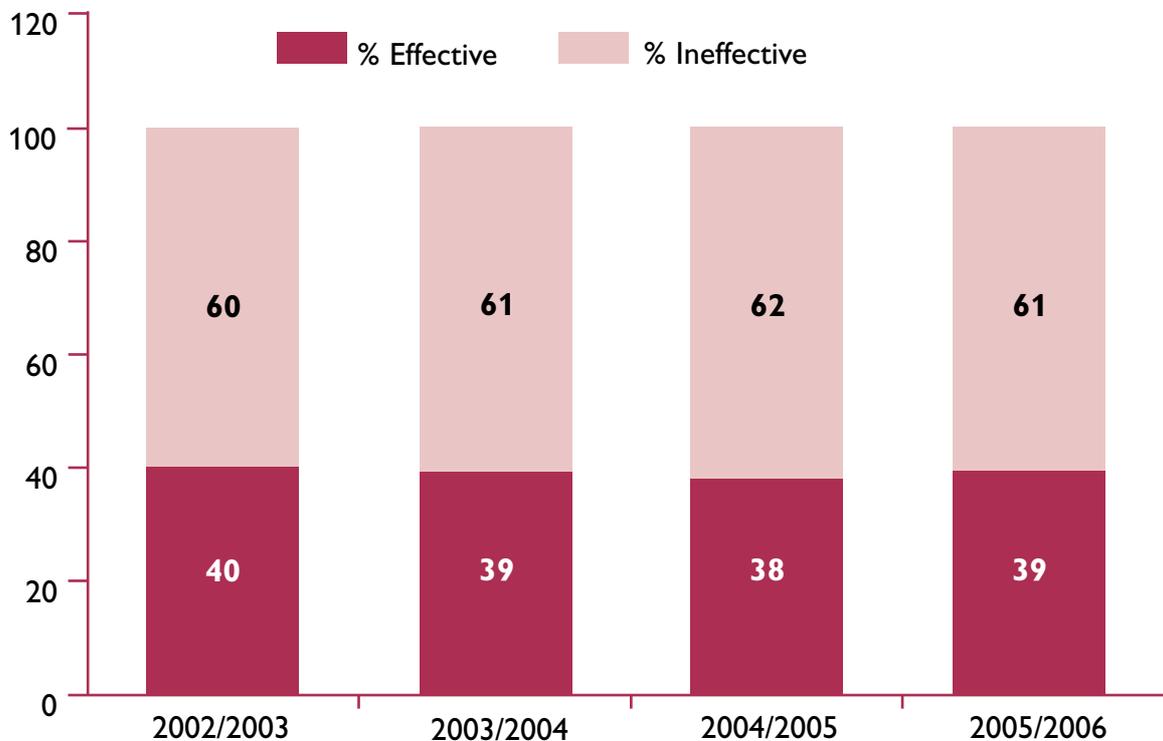


Table 4, shows an alternative approach to understanding the results by looking at the outcomes of referrals closed during each financial year. It shows the effect of “overload” files introduced in 2004 and the apparent reduction in ineffective investigations. However, this reduction can be attributed to the effect that “overload” has on the overall results. The number of referrals failing FRISC has remained fairly stable in last 3 years while the levels of effective investigations has remained within the range 27% to 35%, peaking in 2002/03

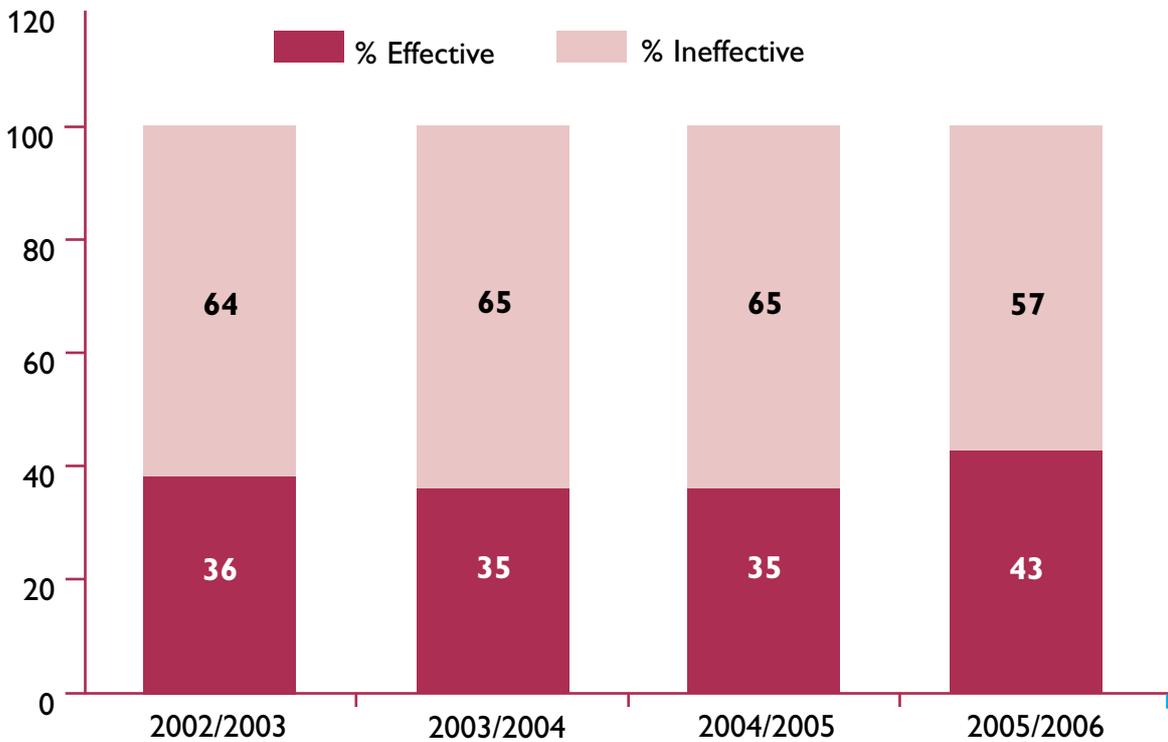
Table 4: Results of all referrals closed in 2002/03 to 2005/06

	2002/03	2003/04	2004/05	2005/06
Failed FRISC	85 (2%)	585 (8%)	467 (6%)	491 (8%)
Overloaded	0	0	1239 (16%)	1124 (18%)
Effective	1415 (35%)	2334 (32%)	2082 (27%)	1988 (32%)
Ineffective	2569 (63%)	4318 (60%)	3905 (51%)	2676 (43%)
Total	4069	7237	7693	6279



The following Figure 4 shows the relative effectiveness of all referrals investigated in the period.

Figure 4: Percentage of effective and ineffective closed investigations



Viewed separately or together, Figures 3 and 4 show high levels of ineffective investigations relative to the results from other investigative action. While there will always be some unproductive work, particularly in complex fraud investigations, BIS needs to look carefully at the application of resources and the means of targeting skilled staff at known and up-to-date risks of fraud.



Appendix 8

CLOSURE CATEGORIES

Closure 1 Fraud not worth prosecuting – the result would not justify the additional effort

Closure 2 Voluntary disclosure

Closure 3 Mental or physical condition of offender or partner

Closure 4 Social factors

Technical factors (closures 5 to 7)

Closure 5 Inadequate evidence

Closure 6 Flawed investigation

Closure 7 Lax administration

Closure 8 Delay

Closure 9 Culprit not established

Closure 10 No material false statement

Closure 11 Vital witness unable to attend court

Closure 12 Improper conduct

Closure 13 Interview Under Caution deficient

Closure 14 Defendant outside jurisdiction



PART



Social Security Agency Action Plan in Response to Recommendations



Social Security Agency Action Plan – Benefit Investigation Services

Recommendation	Accepted/ Rejected	Action to be taken and date	Responsibility of
<p>2.6 The SSA should assess and prioritise how best it can enhance public confidence through accurate and timely reporting of the progress being made in countering benefit fraud.</p>	<p>Accepted</p>	<p>The Agency has used its Publicity Campaign as a composite approach to informing the public. This umbrella operation commenced in March 2005 with a TV, newspaper and billboard strategy. The past 12 months has proved to be a success, evidenced by much greater media interest, the demand for regular Information Office press releases, culminating in early April 06 with a major series of short exposures on benefit fraud on BBC Newsline. The campaign has a reporting and evaluation mechanism the backbone of which is a series of MORI public surveys measuring the impact over the previous 12 months. This will inform the Agency's future approach, indicate lessons to be learned and enable a more focused second stage to the campaign. As a major element "It's a Rip-off" campaign is currently being developed with action planned for the remainder of the year.</p> <p>Plans to gain further public confidence are being developed through a successor to the "It's a Rip-off" campaign and will become apparent during the year to March 2007. The Agency makes use of the internet/intranet facilities to update the public and its staff on fraud awareness and more formally widely circulated Annual reports to parliament.</p> <p>Performance is and will continue to be reported in the Annual Report and Accounts.</p>	<p>Assistant Director Benefit Security</p>

Recommendation	Accepted/ Rejected	Action to be taken and date	Responsibility of
<p>2.8 The SSA needs to review with BIS Management the appropriateness and robustness of targets to deliver the optimum level of criminal sanctions in proven benefit fraud investigations and to report results in a clear and consistent manner.</p>	Accepted	<p>Over the past 9 months BIS, having recognised the need, has been reviewing its business priorities and revising its major business themes and work practices. It has expanded the work of the intelligence gathering teams and reassessed its investigation workflow. Following Director approval BIS has, from 1 April 2006, introduced a revised case-selection framework focused on achieving a greater number of sanctions/prosecutions.</p> <p>Resulting from this change in emphasis BIS performance targets are being realigned for 2006/07 to take as its primary focus challenging criminal sanctions and prosecutions targets. These are expected to obtain Director approval and be in place by end of May 2006.</p>	Director of Operations
<p>2.9 An SSA Fraud Response Plan should be developed, communicated and incorporated within training across the Agency to raise awareness of roles and responsibilities and to emphasise the corporate commitment to counter-fraud policies and initiatives.</p>	Accepted	<p>An SSA Fraud Response Plan is currently in preparation and is planned for publication by September 2006. At publication, an accompanying awareness leaflet is to be developed and made available to staff.</p>	<p>1: Assistant Director with responsibility for Benefit Security.</p> <p>2: AMB</p>
<p>2.11 To enhance accountability the SSA needs to adopt a more holistic approach to manage counter-fraud efforts to ensure that BIS operations and benefit administration is more integrated in terms of planning, performance targets and priorities to support the delivery of counter-fraud strategic objectives.</p>	Accepted	<p>Recognition of the link between BIS, Programme Protection activities and the benefit administration staff had been acknowledged some years ago by, among other things, the introduction in the benefit offices of the Fraud Liaison Officer. This role is currently under review and there is a potential for substantially expanded responsibilities taking account of vital information flows and processes in both directions between BIS and local benefit office staff. Determination of the developed role is expected by September 2006.</p> <p>Additional targets, performance measures and priorities are expected to enhance the interface role substantially.</p>	Operations Director and Assistant Directors



Recommendation	Accepted/ Rejected	Action to be taken and date	Responsibility of
<p>2.16 BIS Management should identify in its reports to the AMB key risks, accurate statistical reports, priorities, options and solutions to aid decision making and provide assurance that actions accord with the strategic intent.</p>	<p>Accepted</p>	<p>Delegated authority lies with Director of Operations and Assistant Director of Benefit Security who will approve the business approach and reporting mechanism. BIS Business Scorecard for 2006/07, approved by the Assistant Director and aligned to and linked with the delivery of the Fraud and Error Strategy, identifies the activities appropriate for development and the related business risks. A monthly reporting system is incorporated together with a Certificate of Assurance process provided, via the Director, to the Chief Executive. All are to be in place by end of May 2006.</p>	<p>Operations Director and Assistant Director Benefit Security</p>
<p>2.17 The SSA and BIS need to develop a formal counter-fraud education and awareness programme across the Agency, informed by an up-to-date understanding of fraud intelligence and results to ensure that staff recognise their responsibilities and duty to prevent fraud entering the benefits system.</p>	<p>Accepted</p>	<p>Agency-wide anti-fraud awareness programmes have been part of the Agency's approach since the Fraud and Error Strategy was introduced in 1999. A revised education and awareness programme is for consideration based on the recent revision of the Fraud and Error Strategy. It is expected that the revised programme will commence this year.</p> <p>As a support to this programme an Agency-wide distribution will be made to all staff of the leaflet explaining the Agency's Fraud Response Plan – see Action at paragraph 2.9 above.</p> <p>Since September 2005, when the Agency introduced regular team-time sessions, opportunities are in place for staff to gain knowledge, provide feedback and to recognise responsibilities on all business issues, which includes anti-fraud activities.</p>	<p>BIS and Operational Managers</p>

Recommendation	Accepted/ Rejected	Action to be taken and date	Responsibility of
<p>2.21 BIS Management should ensure that there is regular and systematic analysis of results and intelligence gathered to identify trends in benefit fraud and associated emerging risks. The analysis should also contribute to the development of business targets, allocation of resources and the continual improvement of performance, ensuring a maximum return for the application of fraud specialist resources.</p>	Accepted	<p>BIS will continue to apply analytical skills to reassess benefit fraud trends and risks. Professional statistician skills have been recruited and are being employed to assist with further analysis and development for business purposes. Direct links currently being fostered between the Department's statisticians, the Agency's programme protection planning and DWP's analytical fraud staff will assist in strengthening the BIS approach to intelligence gathering, risk identification and to enhance the approach based on lessons learned. Outcomes of this analysis will inform judgements for future business decisions.</p>	<p>BIS and Stats and Consultancy Branch</p>
<p>3.4 Immediate work needs to be carried out to complete and formalise a protocol between BIS and the PPS to clearly establish the terms of engagement, quality standards (particularly in evidence requirements) and consistency in approach for staff in both organisations.</p> <p>In addition, the SSA should consider the need for BIS to have direct access to a legally qualified and experienced person to lead the Prosecutions Team, be available to give legal directions to staff, oversee each case being prosecuted and enhance liaison with the PPS.</p>	Accepted	<p>Liaison with the Public Prosecutions Service (PPS) has been ongoing for some time. Discussions have taken place to resolve matters of content and volume related to cases referred for prosecution. Work has commenced on the development of a protocol between the Agency and PPS and it is being progressed as a matter of urgency.</p> <p>The Departmental Solicitor's Office (DSO) is used frequently and will continue to be used by BIS and Fraud Policy Unit (FPU). In the past a nominated officer has provided guidance, assistance and input to BIS when required, and attends and assists at meetings with PPS.</p> <p>DSO will be approached in view of the recommendation to establish a responsive support to BIS and FPU, and to ascertain whether there is potential for the provision of legally qualified support as lead to the Prosecutions Team.</p>	<p>PPS and BIS/FPU</p> <p>Assistant Director Benefit Security DSO</p>



Recommendation	Accepted/ Rejected	Action to be taken and date	Responsibility of
<p>3.5 As part of the development of its working arrangements with principal stakeholders BIS Management should consider the range and adequacy of targets in relation to quality and timeliness of investigations and their ability to meet common objectives.</p>	<p>Accepted</p>	<p>BIS management has recognised that the Social Security Fraud Act has made the processes for gathering information and evidence more complex and is dependent on third party cooperation. BIS needs to manage these to ensure volumes and timeliness are under control. To this end, Benefit Security Directorate have protocols or service level agreements with many of its main stakeholders. Within these, working relationships have been developed which in most cases meet our needs. Where they do not, discussions will take place with a view to updating agreements and protocols. In the case of formal agreements where DWP is in the lead, BIS will be dependent on DWP. The aim will be to have all agreements reviewed by April 2008.</p>	<p>FPU, BIS</p>
<p>4.2 BIS Management should ensure that the development of new procedural guidance is a priority and is available to all staff. It is also important that consideration is given to securing adequate resources to review and update this specialist guidance when required.</p>	<p>Accepted</p>	<p>Current guidance is basically up to date but it is recognised it is not user friendly. As an interim measure, it is maintained as a base manual updated on a day-to-day basis by BIS Memos supplemented by DWP Guidance. This is a non-stop activity.</p> <p>A separate FPU team is in place drafting replacement procedural guidance to consolidate the current diverse sources.</p> <p>A Northern Ireland FRAIMS Project, assisted and guided by DWP colleagues, will be developing a replacement IT system and related guidance to support the revised processes – expected delivery by September 2007.</p>	<p>BIS and FPU Management Teams</p> <p>FRAIMS Project</p>

Recommendation	Accepted/ Rejected	Action to be taken and date	Responsibility of
<p>4.3 BIS should review the skills, competencies and experience needed for its operations and perform an up-to-date training needs analysis to ensure that all staff are adequately supported to meet the requirements of their jobs.</p>	Accepted	<p>BIS management has recognised that specialist skills, competencies and knowledge are needed to enable the investigators to combat the increasing sophistication of the benefit fraudster. It has employed the “Professionalism in Security” training programme over the past 4 years to equip the Agency’s investigators with the appropriate skills. Training is drawn from a series of Codes of Practice to ensure investigations are focused on the wrongdoer yet controlled and monitored.</p> <p>The Agency has encouraged its staff to take a personal responsibility for their own development. The staff development process requires staff assisted by their line managers to complete an individual Personal Development Plan (PDP) and where additional or refresher training is required it is recorded. These PDPs will be reviewed in October 2006 and in April 2007. On the basis of the PDPs a training plan will be developed by May 2007.</p>	<p>BIS Management</p> <p>TDU</p>
<p>4.7 BIS Management should seek other opportunities to gather regular and systematic feedback from its customer base to help measure any changes in public perceptions and learn how processes, performance and services could be improved.</p>	Accepted	<p>As indicated in the report the Agency has a comprehensive customer complaints system ensuring all complaints are addressed and any lessons to be learnt are recorded and guidance is changes when appropriate.</p> <p>Follow-up is also achieved in cases where sanctions (that is, short of prosecution) are applied. In each case investigators meet with the customer, explain the fraud and offer a sanction (a formal caution or an administrative penalty).</p> <p>As an evaluation to the “Rip-off” campaign several MORI community surveys have been planned, the latest after the last stage of the current programme. Decision on the next stage of the campaign will learn from the MORI analysis.</p> <p>Consideration will be given as to whether and, if so, how further customer information can be gathered directly from those whose cases have been taken forward for prosecution. More value may be gained following evaluation of the publicity campaign potentially for June 2007.</p>	<p>Assistant Director</p> <p>Benefit Security</p>



Recommendation	Accepted/ Rejected	Action to be taken and date	Responsibility of
<p>4.17 BIS Management needs to ensure that lessons learned from counter-fraud experience are shared with benefit administrators to improve the security of the benefit system.</p>	Accepted	<p>As an ongoing process of information sharing and lessons learnt, quarterly planning and follow-up performance meetings are held with BIS managers leading to the development of improved performance. Similarly, both formal and informal knowledge-sharing sessions are held between investigators and local decision-making administrators. The aims are to learn from past problems and develop a greater understanding and working relationship (see paragraph 2.21 above).</p> <p>The expanded role for the FLO (see paragraph 2.11 above) will contribute extensively to a greater awareness of the counter-fraud activities.</p>	<p>BIS Management Operational managers and FLO</p>
<p>4.19 BIS needs to review previous recommendations for improvement, assess their current relevance and implement the necessary action.</p>	Accepted	<p>BIS has taken forward all such recommendations in the past. However, BIS accepts that many of the areas covered by the recommendations require constant revision and updating. A revision to the sanctions policy (which includes a prosecution policy), the review of Fraud Liaison Officer role and continuing Publicity Campaign are examples of continuous improvements to fraud processes. As part of its ongoing business development BIS will continue to revise and improve these and other linked areas.</p>	<p>BIS Management</p>
<p>5.10 BIS Management should liaise with GMS managers to develop a framework that helps determine the level, frequency and timing of GMS referrals to aid planning of work flows and adequacy of resources to address workload demands.</p>	Accepted	<p>Ongoing, BIS will continue to liaise with GMS managers to develop and assess workloads and work-plans. Recruitment of 15 investigators took place in year 2004/05 to bring BIS to complement. These investigators were phased-in during the summer of 2005.</p>	<p>BIS</p>

Recommendation	Accepted/ Rejected	Action to be taken and date	Responsibility of
<p>5.15 The SSA needs to re-examine the adequacy of resourcing a counter-fraud effort that is intelligence-led and based on work volumes and productivity, while recognising that not all investigations will establish fraud</p>	<p>Accepted</p>	<p>Prior to the commencement of the inspection Staff Resource Unit had been invited in to examine the BIS resource requirements. Detailed results will provide the SSA with the appropriate resource report. Analysis of the results will take account of the current financial restrictions and manpower limits imposed by government.</p> <p>From April 2006 a Criminal/ Compliance selection regime has been put in place to accommodate the drive for more focused investigations.</p>	<p>SRU, BIS</p>
<p>5.16 BIS Management should seek legal opinion on how to pursue suspected fraudsters who fail to attend interviews or keep appointments and also discuss prosecution options in such cases with the PPS</p>	<p>Accepted</p>	<p>PPS and the Departmental Solicitors Office have both been contacted and this issue is being pursued as a matter of urgency.</p>	<p>FPU Management</p>



Presented to the Houses of Parliament by the Secretary of State for Northern Ireland
under Section 49(2) of the Justice (Northern Ireland) Act 2002



Copyright© Criminal Justice Inspection Northern Ireland
All rights reserved

First published in Northern Ireland in May 2006 by
CRIMINAL JUSTICE INSPECTION NORTHERN IRELAND
14 Great Victoria Street
Belfast BT2 7BA
www.cjini.org

ISBN 1-905283-11-3

Typeset in Gill Sans
Printed in Northern Ireland by Commercial Graphics
Designed by Page Setup