Audit and Assurance Committee	
Date of Meeting	22 November 2022
Subject	Error, Fraud and Debt Report – Quarter 2 2022-23
Agenda No.	
Paper No.	
Prepared By	[Redacted]
Purpose	Monitor

Background

1.1   The attached report details activities undertaken by Social Security Scotland's Fraud and Error Resolution Unit throughout Quarter 2 of the 2022-23 operational year.

Key Points

2.1   Quarter 2 error data indicates that Official Error (Human) levels are stabilising within Low Income Benefits.

2.2   Early analysis of errors in the Child and Adult Disability Benefit caseloads has begun and anecdotal findings shared.

2.3   [Redacted]

Conclusion/ Recommendation

3.1   The Committee is asked to review and comment on progress made by Fraud and Error Resolution during Quarter 2 of 2022-23.

3.2   The Committee is also asked to comment on the changes made to the report to reconsider the volume of information being shared, to begin to share information about both volumes and monetary value of error, and to offer additional insights from our debt management activity.

Annex A
Social Security Scotland
Error and Debt Report
Quarter 2 2022-23

Introduction

All organisations to which the Scottish Public Finance Manual (SPFM) is directly applicable - including Social Security Scotland - are required to ensure that timely and effective action is taken to prevent and respond to financial loss through fraud and error.

This paper invites the Committee to consider Social Security Scotland's progress made during Quarter 2 2022-23 to meet these obligations.

Part 1: Performance

Detected Error Summary

During Quarter 2 a total of 1,605 error cases were identified and corrected by the Fraud and Error Resolution Unit, which was an increase of 16% compared with the previous quarter.

We corrected 719 underpayments with a value of £78,005 - an increase by volume of 10%, and a 22% increase in monetary value. In addition 886 overpayments with a total value of £121,869, an increase of 25% by volume and 37% by monetary value respectively, were corrected. All underpayments identified have been paid to clients.

The table below details corrected error rates, with the monetary value of corrections expressed as a percentage of benefit expenditure (and rounded to 1 decimal point.) Please note these are indicative only as benefit expenditure values have still to be finalised.

[REDACTED CHART]

[Redacted]

Underpayment Errors

[Redacted]

[REDACTED CHART]

[REDACTED CHART]

[Redacted]

Analysis of Detected Underpayments – Classifications and Root Cause

[REDACTED CHART]

[Redacted]

[REDACTED CHART]

[Redacted]

[Redacted]

Overpayment Errors

[Redacted]

[REDACTED CHART]

[REDACTED CHART]

[REDACTED CHART]

[Redacted]

[REDACTED CHART]

[Redacted]

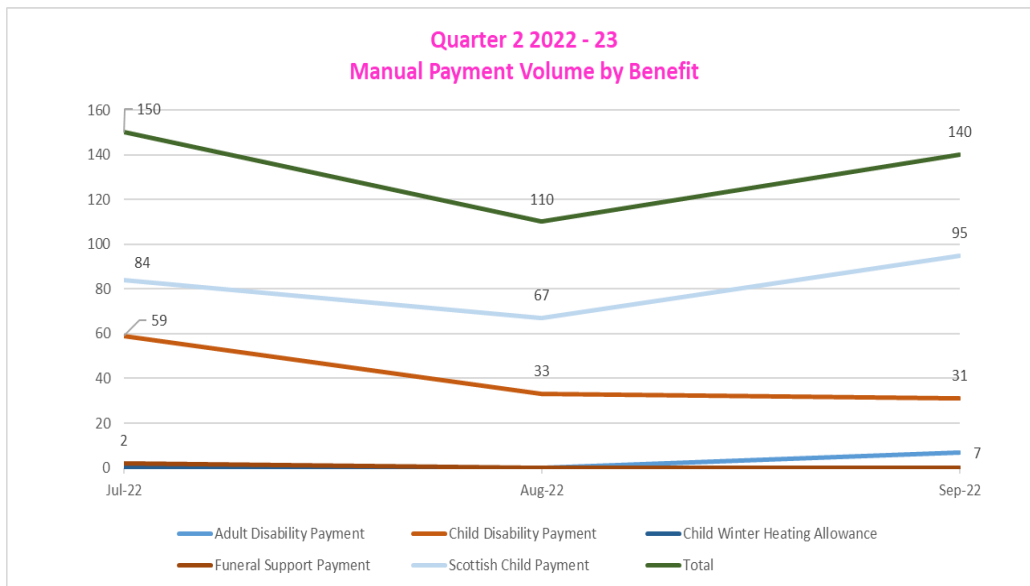**[Redacted]**

[REDACTED CHART]

[Redacted]

Payment Correction Cases – Housekeeping Exercise

[Redacted]

Payment Resolution

Throughout Quarter 2, a total of 660,191 payments were issued by Social Security Scotland. Payment Resolution processed 1,084 payment exceptions, giving an exception rate of 0.16% by volume. Payment exceptions include returned payments, payment recalls and manual payments.

Manual payments are where payments cannot be issued automatically through the system due to case faults or user error**[Redacted]**

Quarter 2 2022 - 23
Manual Payment Volume by Benefit

Legend: Adult Disability Payment, Child Disability Payment, Child Winter Heating Allowance, Funeral Support Payment, Scottish Child Payment, Total

[Redacted]

Debt Management - Recovery and Recharge

During Quarter 2 a total of 681 benefit overpayment referrals were received and 210 referrals for Funeral Support Payment recharges, which represented reductions by monetary value of 35% and 28% respectively. Receipts from inbound repayments from benefit debts totalled £10,907, while £63,459 was successfully recharged from estates.

[Redacted]

[REDACTED CHART]

[REDACTED CHART]

[Redacted]

[REDACTED CHART]

[Redacted]

OFFICIAL SENSITIVE

Recovery of Funeral Support Payment Awards from Estate of Deceased

[Redacted]

Best Start Foods

[Redacted]

Counter Fraud

Intelligence Management

Over the second quarter of the reporting year **492** pieces of intelligence were received (**0.8% decrease when compared with the same quarter last year**) and **516** pieces of intelligence were actioned (an **8% increase**)

[Redacted]

[REDACTED CHART]

[Redacted]

[REDACTED CHART]
[REDACTED CHART]

[Redacted]

- [Redacted]

Fraud and Error Risk Analysis and Controls

- [Redacted]

External Investigations: Fraud Investigation Caseload and Progress

[Redacted]

[REDACTED CHART]
[REDACTED CHART]

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[Redacted]

Common Interest Investigation - Test and Learn Pilot with DWP

[Redacted]

Internal Investigations & Monitoring

[Redacted]

Part 2: Building Capability and Capacity

Technology and Systems

We continue to drive forward the identification and procurement of systems which will assist in the fraud investigation process. [Redacted]During Quarter 2 changes were made to the workflow within the Debt Management System in order to streamline the process. This has meant a reduction in manual processes for debt team colleagues, reducing average time taken when processing cases. It has also laid the foundation for future enhancements such as automated payment reconciliations. [Redacted]

Recruitment and Training

Error Control and Debt Management

The interventions Team filled 2 Team Manager roles and 9 Interventions Officer roles[Redacted]. People Services colleagues have been providing us with additional support through investment in advertising and improvements to the job description to try to attract more candidates.

The Debt Team was previously at target headcount level at the start of the year, but since then due to staff being successful on promotion we have had unexpected recruitment requirements for Quarters 1 and 2. An additional 4 Debt Officers have been recruited.

[Redacted]

Counter Fraud - Covert Operations Function

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[Redacted]

Additional Locations for Fraud Hubs

[Redacted]