



Audit and Assurance Committee

Date of Meeting	10 November 2020
Subject	Social Security Scotland Error, Fraud and Debt – 2020/21 Quarter 2 Report
Agenda No.	4
Paper No.	10.3b
Prepared By	[Redacted]
Purpose	Monitor

Background

1.1 The Audit & Assurance Committee has requested regular reports on error, fraud and debt recovery work in the Agency. During Quarter 2 of 2020/21 (1 July to 30 September 2020) our main focus was on strengthening internal monitoring capability and ongoing provision of support for design development.

1.2 The attached report reflects the status of activities undertaken to recover debt effectively and to respond to error and fraud risk during Quarter 2, and provides a forward look to items of note which will be undertaken in Quarter 3. Error, fraud and debt in the devolved benefits which are administered by DWP through an agency agreement is not included within this report.

Key Points

- 2.1 The key points from 2020/21 Quarter 2 are:
- Levels of fraud and error detected continue to be low [Redacted]
 - Improvements to technical tools available to support internal monitoring/investigation are being tested and refined
 - Suspension of debt recovery work has been extended to 1 February 2021 (with the exception of estate recharge of Funeral Support Payments)

Conclusion/Recommendation

3.1 The Committee is asked to note our activities, associated risk and progress made.



Annex A

Social Security Scotland Error, Fraud and Debt Status Report - 2020/21 Quarter 2

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 fraud and error, including treatment of associated debt.

Post-Payment Error Correction

Change of circumstances continues to be the most prevalent cause of overpayments and underpayments – this is a by-product of normal routine claim maintenance. Work is progressing with Programme on how we record this error category going forward, as we look towards Operations taking full control of routine claim maintenance, allowing Interventions to focus their work on proactive detection and reactive correction of errors.

We are presently working to the assumption that a 'routine change' which would be progressed by Operations and categorised as such is one which occurred up to 8 weeks' previously. Anything in excess of this time period would be considered as an error and worked by Interventions or Fraud as appropriate.

A total of 897 error cases were identified this quarter: 600 underpayments, and 297 overpayments.

Underpayments totalled £48,023, while overpayments totalled £26,276.

Error rates expressed as a percentage of benefit expenditure are shown in the table below. Please note these are indicative only as benefit expenditure values have still to be finalised.

	BSF	BSG P&B	BSG EL	BSG SA	FSP	YCG	JSP
Underpayments	1.9	0	0	0	0	0	0
Overpayments	0.6	0.2	0.2	0.1	0	0	0



Underpayment Error Trends Identified [Redacted]

[Redacted]

Error Detection Data Mining

[Redacted]

Q2 saw the instigation of the new Policy and Cases Forum, a collaborative group formed across both Agency and Programme to respond to unusual cases requiring policy or legal consideration, and to consider Appeal hearing findings. The Interventions Team have a crucial role in this work, and Q2 saw us commencing the first exercise to detect and correct errors in decision making highlighted by the First Tier Tribunal. This first example related to an erroneous denial decision for a Funeral Support Payment claim. Some 64 FSP claims denied for the same reason have been referred to Interventions for review, and where appropriate, a determination without application will take place to correct the error. This review work will be completed during Q3.

Internal Fraud, Bribery and Corruption

There were no instances of internal fraud discovered during Q2, nor were we made aware of any instances of whistleblowing relating to internal fraud, bribery or corruption reported via the Scottish Government Whistleblower provision or the newly implemented Internal Fraud Confidential Whistleblowing Hotline.

[Redacted]

Since the last update we have been working closely with colleagues from Learning and Development to ensure that all staff have completed their mandatory data protection and remote working training courses. Follow-up discussions and reminders are now underway to improve compliance and to help embed and maintain the culture of information protection and assurance.

[Redacted]

[Redacted]

External Fraud

[Redacted]

Proactive Detection – Claims with High Fraud Risk Indicators

Proactive detection work within Social Security Scotland's benefit system has continued, with three detective reports drawn and analysed during Q2 using data drawn from the SPM benefit system for the period up to March 2020. [Redacted]

Fraud Prevention Results

Our analysis method, in respect of potential fraud attempts prevented, is enabled via the manual collation of intelligence from our Champions Network and information provided directly from front line staff who are encouraged to share instances where they believe they may have prevented an attempted fraud (or a client induced error).

[Redacted]

Fraud and Error Prevention Activity

Work continues with Programme colleagues to analyse and mitigate fraud and error risks within developing designs for SCP, and the Wave 2 benefits. This remains challenging in a remote working environment, with volumes of requests for impact assessments and formal review at an unprecedented level. These often come with requests for same-day turnaround.

Ongoing support for our colleagues in live operations continues with advice available on a case by case basis in near real time. We have doubled our associated headcount during Q2 (from 2 full-time dedicated staff to 4), in preparation for SCP launch.

A digital offering to enhance our classroom-based Fraud and Error Awareness sessions is in the latter stages of development. This has been designed to reflect the trends and feedback from cases shared with us from Operations and is the first component of our 'refresher' offering to existing staff, complementing our well established learning offering for new colleagues.

Intelligence Handling

We received a total of 452 intelligence referrals in relation to suspected fraud in Q2, Our online webform provision went live, complementing the existing channels available to citizens (dedicated anonymous telephone hotline and PO Box for mail

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referrals). We received a total of 248 reports from members of the public; 27 of these were received via the new webform.

Of the remainder, 86 referrals were made by agency colleagues; and 118 referrals related to proactive work where further examination was required. The outcomes of Q2 referrals received are as follows:



Referral Resolution	Count
Unable to Trace	18
Linked to existing case	2
No Benefit	23
No Social Security Scotland Interest	2
Hand off to OGD	259
Passed to Interventions	2
Passed to Investigations	2
Further examination in progress	152

[Redacted]

Debt Recovery Performance

With effect from 1 April 2020 proactive debt recovery work was suspended in response to the financial implications presented by the Covid-19 response. This suspension will come to an end on 1 February 2021. Recovery of Funeral Support Payment sums awarded from the estate of the deceased has continued throughout this period.

On 14 September integration of the Debt Management System (DMS) and the SPM Benefit system took place. An issue was identified in the DMS affecting our ability to write off non-recoverable overpayments. The table below reflects this position and aligns with Finance reporting.

Quarter 2 – Debt Balance Summary	
Opening debt balance (closing balance Q1 2020/21)	£14,767
Number/value of overpayment referrals	44/ £11,600
Number/Value of official error write off (non-recoverable)	27/£7,200 (plus 6/£1,600 to be actioned in October)*
Number/Value of recoverable overpayments	11/£2,850
Value of recoverable debt written off	£0
Number/value of inbound payments received	5/£58
Number/value of voluntary offset recoveries	0/£0
Closing debt balance	£19,110*
Engagement rate (contact established with client)	Covid suspension
Number of new arrangements made during this quarter	Covid suspension
Number of debts cases reaching LBA stage	Covid suspension



*The system issues meant that we have been technically unable to write off 6 non-recoverable overpayments with a monetary value of £1,600. This has resulted in our debt balance being shown as £19,110 at the close of Q2 – it would have been £17,510 had write off functionality been working correctly. When this issue is resolved, the remaining official error loss will be updated and this additional write off value will be reported in Q3 figures.

Recovery of Funeral Support Payment (FSP) Awards from Deceased Estate

The Debt Management team have continued to recover sums paid through FSP from the estate of the deceased. Sums recovered in this way are not debt repayments, but rather these are a recharge. This scenario comes into play particularly when there are assets to be realised but funds are not available to the client to pay for funeral expenses (e.g. there is a house to be sold).

During Q2, 27 FSP awards were successfully recovered from estates with a total monetary value of £40,457. In fact, one client overpaid us by £6, giving us the opportunity to test our process for issuing a refund for the first time!

Forward Look to 2020/21 Quarter 3

Internal Audit – Advisory Review of Debt Processes

Our colleagues in Internal Audit completed their fieldwork review of current debt processes during Q2 and the report of findings is due to be finalised during Q3. Early discussions on their recommendations have taken place, and the initial feedback we have received on their findings concurs with risk areas previously identified. We are continuing to benefit from Internal Audit advice as we progress with improvements.

Readiness for Scottish Child Payment Launch

In preparation for the launch of SCP, the agency is recruiting a large number of new front-line staff. As previously mentioned, Q3 will see us delivering several fraud awareness training sessions as part of induction offering for these new colleagues, and we are also considering requirements for refresher sessions for existing colleagues as well as for our fraud champions network, during Q3.

The requirements for advice and support to inform secure by design process development has continued at pace. Work to improve on the process offering to respond to a wide range of anticipated claim maintenance events has been a considerable demand on the team. Concerns have also formally been documented about the amount of work still to be done to define claim maintenance processes ahead of the launch of SCP.



Recruitment

Recruitment activity was restarted in Q2, following a pause due to Covid-19. There are a number of roles to be filled in readiness for SCP launch, progress in this space has been slower than anticipated – this will be progressed as a priority during Q3.

[Redacted]

Appointment of Authorised Officers – Use of Statutory Information Gathering Powers

[Redacted]



GOVERNANCE CHECKLIST

Strategic Objective	Contribution
Dignity, fairness and respect Delivering a service with dignity, fairness and respect at its core.	N/A
Equality and tackling poverty Promoting equality and tackling poverty.	Activities ensure that controls are in place to identify and correct underpayment error.
Efficiency and alignment Ensuring efficiency and aligning our activities with wider public sector for the benefit of the people we serve.	Activities ensure that controls are in place to minimise the risk of fraud and overpayment error.
Economy, society and environment Contributing to our economy, society and protection of our environment.	Activities ensure that we protect public funds by recovering debt sums owed.

Strategic consideration	Impact
Environment	N/A
Governance	N/A
Data	Yes – work ongoing for MI being provided with SSODA colleagues.
Finance	Yes – control of financial loss through good stewardship
Staff	Yes – awareness of fraud/error
Equalities	N/A
Estates	N/A
Communications and Presentation	Yes – annual report.