

GENERAL

1. The Department is committed to the eradication of social security fraud in Northern Ireland whilst ensuring that people who are properly entitled to benefit are encouraged to submit claims. In view of this objective the Department's fraud prevention and detection policy has been streamlined to operate effectively and in conjunction with the current Information and Advice campaign.
2. The Department's Fraud Investigation Branch is primarily responsible for the prevention and detection of social security fraud through overt and covert means.
3. In 1980 the Branch was decentralised and reorganised on a regional basis with offices presently located in Belfast, Banbridge and Omagh. At the same time 23 additional posts were created in an effort to secure a more effective approach to the investigation and prevention of social security fraud - the Branch complement is currently 63 officers of which 50 are fully operational. The work of the Branch comes under three categories, namely:
4. FRAUD INVESTIGATION (34 STAFF)  
  
In the main this involves the covert surveillance of claimants suspected of working whilst claiming benefit with a view to obtaining sufficient evidence of work that will enable the adjudication officer to review the claimants entitlement to benefit and for legal proceedings to be taken where appropriate. The information about claimants allegedly working is obtained from various sources, eg members of the public, alert SSO staff, and by fraud staff in the normal course of their duties.
5. In addition to the identification and surveillance of claimants at work the staff also investigate "living together" cases and carry out surveys of selected employers in an effort to detect dependent benefit fraud. A recent survey of home helps employed by the North & West Belfast District of the Eastern Health and Social Services Board revealed 157 cases of benefit fraud whilst a limited check of adult trainees attending Government Training Centres indicated 15 trainees had continued to sign on whilst undergoing training.



6. FRAUD PREVENTION (8 STAFF)

This is a relatively new method of preventing abuse of the social security system and was introduced in September 1980 following the increase in the fraud staff complement.

7. Fraud prevention is a means of taking the initiative against fraud and abuse by selecting for investigation cases whose characteristics correspond to those where experience has shown there is a high incidence of fraud. The purpose of fraud prevention is to identify and deal with cases where benefit is being paid unjustifiably and to do so as cost effectively as possible.
8. Exercises which are planned 3-6 months in advance are carried out by two-man teams who select around 250 claims per exercise on the basis of a predetermined criteria. In general a claimant selected for interview would have been unemployed for at least 3 months and have a marketable trade or skill eg bricklayer, builder's labourer, motor mechanic etc.
9. Fraud prevention can be particularly successful. For example following an exercise on the Enniskillen Social Security Office area 123 of the 290 postal claimants visited terminated their claim to benefit and a further 7 declared earnings. It is interesting to note that of the 123, only 29 were actually interviewed with the remaining 94 considering it prudent to terminate their claims rather than be interviewed about their activities. Fraud prevention also attracts the minimum of complaints and as the vast majority of claimants are innocent the fraud prevention officers are instructed that where they notice obvious need they should advise the claimant to contact their benefit office regarding the take up of benefit.
10. Since its introduction the fraud prevention 'success' rate has averaged 15% and in financial terms this represents excellent value for money. However it follows that fraud prevention exercises can only be effective if they are backed up by the deterrent effect of successful prosecutions and for this reason it is necessary to continue to bring cases before the Courts where this is appropriate.



#### 11. FRAUD INTERVIEWING (8 STAFF)

This involves investigating the alleged non-receipt and wrongful encashment of girocheques and paid orders, conducting interviews under caution, interviewing employers in the Belfast area, suspected of colluding with claimants to commit fraud and visiting employers to obtain details of a suspected claimant's earnings.

#### 12. FRAUD OPERATIONS

By these various means the Branch was instrumental in obtaining evidence in 1986 of benefit fraud in 2771 cases with a further 1268 claims to benefit being terminated as a direct result of its activities. In addition 185 claimants reported part time earnings. (Results for the years 1980-1986 are set out in the attached Appendix). The majority of these cases involved claimants who were either associated with the construction industry or its allied trades and it is in this particular sector that benefit fraud appears to be most prevalent. In particular dishonest claimants can be assisted by unscrupulous employers who thus avail themselves of cheap labour and can thereby effectively undercut legitimate opposition who may be forced to make staff redundant as the result of lost contracts. the situation is further complicated by the involvement of paramilitary organisations who are known to operate labour only contracts with the main contractors. In such cases the workforce are normally all social security claimants who are content to receive £2 an hour in comparison to the £4 an hour being charged to the main contractor.

13. The Department is determined to combat this problem but its efforts are severely restricted due to the difficulty in establishing the identities of those working on the sites. Irrespective of paramilitary involvement legitimate sub-contractors often unknowingly employ claimants who are content to work under false names and addresses and have 30% of their wages/fixed price contract deducted at source. The position is exacerbated by the misuse of legitimate certificates and the use of false or stolen Tax



Exemption Certificates (714s). This is the responsibility of Inland Revenue and the RUC Anti-Rackateer Squad who readily admit that it is virtually impossible to establish the correct identities of all those employed on the building sites.

14. Since its conception the Anti-Rackateer Squad (C13) has worked closely with the Department's Fraud Investigation Branch and the high degree of co-operation and exchange of information has been of mutual benefit. In 1986 the Department's investigators, working under extreme conditions, successfully detected 23 claimants working on an Ardoyne building site and following the exchange of information C13 were effectively assisted in bringing their enquiries to a successful conclusion. In addition the Branch examined the wage records/Tax Exemption Certificates in respect of a number of building firms in the Fermanagh/Tyrone area 130 fraud cases were detected. Subject to the necessary approval it is the Branch's intention to survey sub-contractors and their employees engaged by the Department of the Environment. A similar exercise involving the sub-contractors employed by the Northern Ireland Housing Executive proved unproductive in that the information held did not relate to the sub-contractors employees who may have been in receipt of benefit.
15. The Department's Fraud Investigation Branch is well aware of the problem of social security fraud in the construction industry and in the past has consulted various interested parties including the Building and Civil Engineering Federation, Clerks of Works, Site Foremen and Inland Revenue in an attempt to get to grips with the situation. In addition the procedure for interviewing collusive employers is being reviewed with the express aim of referring most cases for legal proceedings. If this is successful it could lead to an increase in the number of firms struck off the select tender lists compiled by the Department of the Environment and the various statutory bodies.
16. In addition to the fraudulent use of Tax Exemption Certificates, either by



individuals or paramilitary groups, the building sites are susceptible to the influences and greed of the paramilitaries through protection payments. Although difficult to prove it is accepted that in certain areas either the main contractor and/or the site workers are required to make "donations" to the paramilitaries. The problem would appear to be confined to the main contractors and in view of this inevitability the main contractor in tendering for contracts in sensitive areas budget for such eventualities. The current rate is believed to be £250 per house. Prior to 1980 the Department investigated the case of Benbulbin Construction Ltd., now in liquidation, who operated a labour only contract in the New Lodge, Ardoyne and Cromac Street sites. The main contractor on these sites was Farrans and Benbulbin Construction Ltd. took over the labour only contract after the paramilitaries threatened the workers off the sites. According to Benbulbin's records they had only three employees whereas they employed in the region of 200 men and received weekly payments averaging £20,000 from Farrans. The matter was brought to the attention of the RUC Fraud Squad and Inland Revenue but this proved unproductive as the company used its veil of incorporation and went into liquidation.

17. During the period in question Benbulbin Construction Ltd received over £1 million in respect of its workforce. At no stage did the company pay Income Tax or National Insurance in respect of the employees who were obviously all in receipt of benefit.

#### 18. RESULTS

In 1986, which was a record year, the upward trend in the prevention and detection of social security fraud continued with an overall increase of 10.8% - 4039 cases. Primarily this is attributable to the prevalence of benefit fraud in the various sectors of employment. Of the 4039 cases



evidence of fraud sufficient to enable legal proceedings to be considered was obtained in 2771 cases. Claims terminated as the direct result of fraud enquiries accounted for the remaining 1268 cases. A further 185 declared earnings.

19. During 1986 there were 789 prosecutions for social security fraud involving 744 claimants and 45 employers for apparent collusion in offences. Some 98.8% of the claimants prosecuted and 77.7% of employers were found guilty. In addition 100 people received prison sentences for irregularities involving girocheques and order books and a further 65 had prison sentences suspended.

20. CROSS BORDER FRAUD

Since 1981 the Department in conjunction with the Department of Social Welfare has intensified its efforts to combat this particular problem. In the main this type of fraud involves claimants who either:-

- a. Claim benefit in the North and work or live in the South  
and vice versa or
- b. Simultaneously claim benefit in both countries either using their true identities or that of friends or relatives. In the past the itinerants were the main offenders but this has now largely been controlled through the introduction of a common signing day and time both North and South.

Last year 68 cases of cross border fraud were detected involving Northern Ireland claimants working or claiming in the South (40) and Southern residents claiming child benefit in Northern Ireland (28). This compares favourably with the 1980 figures of 20 and 1 respectively.

21. CROSS BORDER CO-OPERATION

Co-operation with the Department of Social Welfare continues to be very good particularly at a local level, the prime example being the Banbridge Regional Office and the Dundalk Special Investigation Unit who in 1986 jointly checked or examined 425 suspected fraud enquiries. At present officers from the Department carry out covert surveillance in the South and as the need arises they are assisted by their DSW colleagues. In turn they are prepared to



assist the DSW by presenting evidence at their appeals or court hearings. For various reasons the DSW officers rarely come North and at present they are not prepared to present evidence in our cases.

22. During April 1987 the Department at the request of the DSW carried out a census of itinerants currently signing in Northern Ireland. Apparently the DSW HQ benefit system is fully computerised and the exercise is being conducted in an effort to reduce duplicate claims and false claims to Child Allowance which is open to abuse through the Baptismal Certificate system of confirmation of birth. The information is currently being examined by the DSW.

23. CONCLUSION

Although the preceding does not reflect the full extent of Fraud Investigation Branch activities it nevertheless illustrates the Department's efforts to effectively prevent and detect social security fraud.