



**DfC**

Department  
for Communities  
[www.communities-ni.gov.uk](http://www.communities-ni.gov.uk)

# Social Fund Account

for the year ended 31 March 2018

Accounts laid 01 July 2019



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Any enquiries regarding this document should be sent to us at:

WIG Accounts and Treasury Management

Department for Communities

Level 6 Causeway Exchange

1-7 Bedford Street

Belfast

BT2 7EG

Telephone: **028 9082 9066**

You can download this publication from our website at: [www.communities-ni.gov.uk](http://www.communities-ni.gov.uk)

**Department for Communities**

**Social Fund Account**  
**for the year ended 31 March 2018**

Laid before the Northern Ireland Assembly under Section 146 (4)  
Of the Social Security Administration (Northern Ireland) Act 1992  
By the Comptroller and Auditor General for Northern Ireland

01 July 2019



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# Foreword

## Presentation of Account

- 1.** The Department for Communities (DfC) presents its Social Fund Account which has been prepared in accordance with a direction issued by the Department of Finance (DoF) in pursuance of section 146(4) of the Social Security Administration (NI) Act 1992. The Department of Finance (DoF) accounts direction is included as an appendix to this account.

## Statutory Background

- 2.1** The Social Fund was established in 1987 under Article 33 of the Social Security (Northern Ireland) Order 1986 and continued in being by section 146 of the Social Security Administration (Northern Ireland) Act 1992. Section 134(1) (a) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992 provides for maternity and funeral loans in prescribed circumstances. Section 134(1) (b) of that Act provides for other needs to be met in accordance with directions and guidance issued by the Department for Communities in respect of loans and community care grants. Section 134(2) provides for payments in prescribed circumstances to meet extra expenses for heating incurred or likely to be incurred during periods of very cold weather.

- 2.2** The first phase of the Social Fund comprising maternity and funeral loans came into operation on 6 April 1987. The

second phase was introduced on 11 April 1988 and replaced all remaining supplementary benefit single payments and some urgent needs payments. Regulations were introduced in November 1988 which provided for payments to be made to certain Income Support customers following a period of cold weather, enhanced by further regulations in November 1991 to include payments when cold weather is forecast. The Winter Fuel Payments scheme was introduced by the Department under Regulations made in exercise of powers conferred by Section 134 (2) of the Social Security Contributions and Benefits (Northern Ireland) Act 1992, which came into operation on 16 January 1998.

- 2.3** Payments from the Fund are split into two broad categories, regulated and discretionary. Regulated payments are Maternity Expenses, Funeral Loans, Cold Weather Payments and Winter Fuel Payments and are demand led. Discretionary payments comprise Budgeting Loans, Crisis Loans and Community Care Grants, and are demand led and cash limited. All payments are made subject to relevant qualifying conditions being met. From October 1996 Jobseeker's Allowance (Income Based), which replaced Income Support payable to the unemployed, became a qualifying benefit for Social Fund payments. In September 2017 Universal Credit was introduced in Northern Ireland; this benefit

is a qualifying benefit for certain categories of Social Fund payments.

- 2.4** Legislation was introduced with effect from April 1998 that allowed the recovery of Social Fund overpayments.
- 2.5** The Welfare Reform (NI) Order 2015 provided for the abolition of certain elements of discretionary Social Fund and the introduction of a new Discretionary Support Scheme. The Discretionary Support Scheme went live on the 28th November 2016 and Community Care Grants and Crisis Loans were replaced with locally based support. Discretionary Support (DS) loans and grants are not administered under Social Fund legislation and are not part of the Social Fund White Paper Account. The DS loans and expenditure amounts are included in the 2017-18 DfC Annual Report and Accounts.
- 2.6** Social Fund Budgeting Loans will remain until they are replaced by Budgeting Advances under Universal Credit. Universal Credit went live in Northern Ireland (NI) in September 2017. As the Department for Communities (DfC) begins to phase in Universal Credit payments, Social Fund Loan recovery will transition from legacy benefit payments to Universal Credit. This transition will include transferring Social Fund customer debt to the main DfC Debt Management System. The Department will monitor the impact of Welfare Reform changes on Social Fund benefit administration.

## Categories of Payments

### 3.1 Sure Start Maternity Grants

The Sure Start Maternity Grant scheme was introduced on 27 March 2000 to replace the £100 Maternity Payment. It is available to families on Income Support, Jobseeker's Allowance (Income Based), Employment and Support Allowance (Income Related), Pension Credit, Child Tax Credit or Working Tax Credit, where a disability or severe disability element is included in the award, Child Tax Credit at a rate higher than the family element, Universal Credit and Housing Benefit.

The Grant is worth £500 in respect of babies expected, born, adopted or subject of a parental order in respect of a surrogate birth on or after 16 June 2002. Changes to the rules were introduced on the 24 January 2011, since then the grant has been limited to the first child for babies born on or after the 11 April 2011. There was a further change in the rules effective from 29 October 2012 whereby Sure Start Maternity Grants are available in some circumstances when there is a multiple birth.

### 3.2 Funeral Loans

Funeral Loan payments are available to help with the cost of a funeral. They may be made to customers or their partners, who meet the eligibility criteria and who are in receipt of Income Support, Employment and Support Allowance (Income Related), Jobseekers Allowance (Income Based), Pension Credit, Working Tax Credit where a disability or severe

disability element is included in the award, Child Tax Credit at a rate higher than the family element, Universal Credit and Housing Benefit. Funeral Loan payments are normally recoverable from the estate of the deceased, even if the estate is not sufficient to permit full recovery.

### 3.3 Cold Weather Payments

Cold Weather Payments are payable to customers in receipt of Pension Credit, Income Support, Employment and Support Allowance (Income Related), certain elements of Universal Credit or income based Jobseekers Allowance who have a disability, or a pensioner premium, or who have a disabled child or a child less than 5 years of age. Customers receive payments of £25 (maintained at a level of £25 for the ninth consecutive year) for each period of seven consecutive days during which the average temperature was or was forecast to be zero degrees Celsius or below in areas where the customer lives. This is based on information from the Meteorological Office in relation to weather stations and postcodes linked to those stations. There were several Cold Weather triggers for individual stations in the 2017-18 financial year.

### 3.4 Winter Fuel Payments

The Winter Fuel Payments scheme was introduced in January 1998 to specifically help older people with their winter fuel bills and are payable to customers who meet the eligibility criteria. The qualifying age for Winter Fuel Payments for both

men and women is based on women's State Pension age. This is rising incrementally until December 2018 when the State Pension age for men and women equalises. State Pension age will then increase to 66 years of age by 2020.

The total amount payable to a person eligible and aged under 80 years living alone in their own home was £200 for the 2017-18 financial year (£100 if they shared a home with another eligible person aged under 80). For people aged 80 or over the amount payable for 2017-18 was £300 (£150 if they shared a home with another eligible person aged 80 or over). Where there is only one person in the household who is entitled, the full Winter Fuel Payment is made. If there is another eligible person in the household who qualifies, the lower level of £100 is made to the eligible person under 80 and £200 is payable to the eligible person aged over 80.

The qualifying week for Winter Fuel Payments for 2017-18 was the week beginning 18th September 2017.

Legislation was introduced in November 2014 that means from September 2015 Winter Fuel Payments are no longer payable in European Economic Area (EEA) countries (and associated territories) where the average winter temperature is higher than the warmest region of the UK (South West England). This temperature is set at 5.6 degrees Celsius for this and future years.

The countries where this applies are Cyprus, France, Gibraltar, Greece, Malta, Portugal and Spain.

### **3.5 Budgeting Loans**

Budgeting Loans are Payable to customers in receipt of Income Support or Jobseeker's (Income Based), Employment and Support Allowance (Income Related) and Pension Credit, to help with major items of expenditure or services. Loans are repayable, normally by deduction from benefit. Budgeting Loans will be replaced by Budgeting Advances under Universal Credit.

### **3.6 Crisis Loans**

Crisis Loans were payable without regard to a qualifying benefit to customers faced with emergencies or the consequences of a disaster; it was primarily to help to relieve a serious risk to health or safety of customers and their dependants. Loans are repayable either by direct repayment or by deduction from certain benefits. As part of the Welfare Reform Order (NI) 2015 Crisis Loans were abolished and replaced with the new Discretionary Support (DS) scheme. The new scheme came into effect on the 28th November 2016. Discretionary Support expenditure is not administered under Social Fund legislation and is not reflected in the

Social Fund White Paper Account.

The DS loans and grant expenditure is included in the 2017-18 DfC Annual Report and Accounts. Crisis Loan recoveries can be used to fund Discretionary Support Loans.

### **3.7 Community Care Grants**

Community Care Grants were payable to promote the community care of customers qualifying for Income Support or Jobseeker's Allowance (Income Based), Employment and Support Allowance (Income Related) and Pension Credit. The main purpose was to help vulnerable groups lead independent lives in the community rather than go into institutional or residential care, or to help such people re-establish themselves in the community following a period of care; ease exceptional pressures on families; and to help with certain travelling expenses. As part of the Welfare Reform Order (NI) 2015 Community Care Grants were abolished and replaced with the new Discretionary Support (DS) scheme. This new scheme came into effect on the 28th November 2016. This expenditure is not administered under Social Fund legislation and is not reflected in the Social Fund White Paper Account. The DS loans and expenditure is included in the 2017-18 DfC Annual Report and Accounts.

## Financial Basis of the Social Fund 2017-18

4. The Social Fund is, in part, financed by grants from the Consolidated Fund, which in 2017-18 were payable from DfC Vote Resource A, line A28 for regulated expenditure, line A29 for winter fuel payments.

In addition, section 74(1) of the Social Security Administration (NI) Act 1992 provides for the repayment of loans, recoveries of which help finance the fund; and section 74(4) of the Act provides that payments to meet funeral expenses may be recovered from the deceased person's estate.

Funding for some discretionary elements of Social Fund in NI, Community Care Grants and Crisis Loans transferred from Annually Managed Expenditure (AME) to Departmental Expenditure Limits (DEL) from 1st April 2013. As part of the Welfare Reform Order (NI) 2015 Crisis Loans and Community Care Grants were abolished and replaced with the new Discretionary Support (DS) scheme. The new scheme came into effect on the 28th November 2016 and for the 2017-18 financial year Crisis Loans and Community Care Grants were no longer payable. For the previous financial year, 2016-17, in order to identify the specific funding amount for the Social Fund discretionary elements a calculation was completed based on the Crisis Loan issues and receipts and Community Care Grant payments. This net funding amount is disclosed separately within the Social

Fund receipts and payments account 2016-17 comparative figures as Receipts from DfC Consolidated Fund.

From April 2014 funding for Sure Start Maternity Grants & Funeral Loans transferred from Annually Managed Expenditure (AME) to Departmental Expenditure Limits (DEL).

## Changes to the Social Fund accounts from 01 April 2018

5. Per above the Welfare Reform (NI) Order 2015 provided for the abolition of the discretionary Social Fund and the introduction of the new Discretionary Support Scheme and on 28th November 2016 Community Care Grants and Crisis loans were replaced with Discretionary Support Loans and Grants.

For the 2017-18 financial year Community Care Grant payments and Crisis Loans issues are not therefore included within the Social Fund receipts and payments account. Crisis Loan recoveries will continue to be received into the Department. These recoveries will no longer fund Social Fund expenditure and for the 2017-18 financial year Crisis Loan receipts will no longer be included within the Social Fund receipts and payments account. Crisis Loan recoveries can be used to fund Discretionary Support Loans. The expenditure and loan balances for the Discretionary Support Scheme are included within the DfC Annual Report and Accounts.

In 2017-18, as part of the implementation of Universal Credit, the Department initiated the transfer of Social Fund Loan balances from the Social Fund Computer System (SFCS) onto the Debt Manager Computer System (DMCS). All Social Fund loan balances, regardless of the IT debt system used to manage the loan, are reflected within the figures produced in the Receipts and Payments account and the notes to these accounts.

For the 2017-18 and 2018-19 financial year, Leo O'Reilly was Permanent Secretary and Accounting Officer of the Department until 7 December 2018. Tracy Meharg was appointed Permanent Secretary and Accounting Officer from 10 December 2018.

## Annual Report on the Social Fund

6. The Department for Communities is required by Section 146(5) and (6) of the Social Security Administration (NI) Act 1992 to prepare an annual report on the Social Fund and to lay a copy of the report before the Northern Ireland Assembly. This report for 2017-18 was published on the 28 March 2019.

## Audit Arrangements

7. The NI Comptroller and Auditor General is required under section 146(4) of the Social Security Administration (NI) Act 1992 to examine and certify the Social Fund account and to lay copies of it, together with his report thereon, before the Northern Ireland Assembly.



**Tracy Meharg**  
**Accounting Officer**

**27 June 2019**

# Statement of Accounting Officer's Responsibilities

Under Section 146(4) of the Social Security Administration (NI) Act 1992, accounts of the Social Fund are to be prepared in such form and in such manner as the Department of Finance (DoF) may direct. The accounts are prepared on a cash basis and must properly present the receipts and payments for the financial year and the balances held at the year end.

In preparing the accounts, the Accounting Officer is required to comply with the accounting principles and disclosure requirements of the Government Financial Reporting Manual (FRM) and in particular to:

- Observe the Accounts Direction issued by the Department of Finance including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- Prepare the accounts on a going concern basis.

The Department of Finance has appointed the Permanent Secretary of the Department for Communities (DfC) as Accounting Officer for DfC. The Accounting Officer for the Department for Communities is also the Accounting Officer for the Social Fund. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Department for Communities' assets are set out in "Managing Public Money Northern Ireland" published by the Department of Finance.

The Accounting Officer confirms that the Foreword and accounts as a whole are fair, balanced and understandable and takes personal responsibility for the Foreword and accounts and the judgements required for determining that it is fair, balanced and understandable.

## Audit

As Accounting Officer I confirm, so far as I am aware, there is no relevant audit information of which the auditors are unaware.

I have taken all the steps that I ought to have taken to ensure that I am aware of any relevant audit information and to establish that the auditors are aware of that information.

# Governance Statement

## Introduction

The Department for Communities (DfC) Governance Statement has been compiled from work throughout the year to support stewardship, management and control of the Department. It supplements the annual accounts and explains the framework of governance and risk management operated in support of my role as Departmental Accounting Officer. The full Governance Statement for the Department is included within the DfC annual report and accounts. The comments and detail below relate predominantly to the NI Social Fund.

## Governance Framework

### Overview of Arrangements

DfC has a corporate governance framework in place which specifies organisational and governance structures, roles and responsibilities of those charged with governance, and key internal control, risk management and assurance arrangements. The framework is in line with the 'Corporate Governance in Central Government Departments: Code of Good Practice NI 2013' and is available at [www.communities-ni.gov.uk/publications/dfc-corporate-governance-framework](http://www.communities-ni.gov.uk/publications/dfc-corporate-governance-framework)

The Department operates under the direction and control of the Minister for Communities. The Minister is responsible and accountable to the Assembly for the policies, programmes and actions of the Department. As Permanent

Secretary for DfC I am the Minister's principal adviser as well as the administrative head of the Department and the Departmental Accounting Officer.

The Northern Ireland Assembly was dissolved on 26 January 2017. An Executive was not formed following the 2 March 2017 election, and from this date Ministers ceased to hold office. As a consequence, no Minister has been in place in the department during 2017-18 and 2018-19.

I am required to disclose where I, as Accounting Officer, have sought formal Ministerial Direction to proceed where I believe I am being asked to take a course of action that could potentially result in irregular expenditure, impropriety or poor value for money. I can confirm that in the absence of a Minister for Communities no such direction was sought or given. For 2017-18 the Accounting Officer confirmed that in the absence of a Minister for Communities no such direction was sought or given.

As Accounting Officer I am personally responsible and accountable for the effective management and organisation of the Department, the efficient and effective use of its resources and the stewardship of its assets. I am assisted in my role as Accounting Officer by a Departmental Management Board which encompasses DfC Deputy Secretaries along with NEBMs operating as a collegiate committee under my leadership.

The Board is supported in its role by a Departmental Audit and Risk Assurance Committee (DARAC) and an Information Assurance Committee (DIAC).

### **Board Performance and Effectiveness**

Minutes of Board meetings are available at: [www.communities-ni.gov.uk/publications/departmental-management-board-minutes](http://www.communities-ni.gov.uk/publications/departmental-management-board-minutes)

A Register of Board Interests is maintained and 'Conflicts of Interest' is a standing agenda item for Board meetings where members are asked to declare any interests relating to items on the Board agenda.

An independent evaluation of Board effectiveness was undertaken following the end of 2018-19. This was conducted in accordance with the Corporate Governance Code and the Board's Operating Framework. The review considered: Performance Management, Control and Risk, Communication and Reporting, and Culture. It also included an independent review and benchmarking of DfC framework documents as well as assessment of the quality of information provided to the Board.

The initial indications from the 2018-19 review confirm Board oversight of the important issues facing the Department, the quality of information available to the Board and Board compliance with the Corporate Governance Code. The Board will take forward recommendations from the review to further improve and enhance its effectiveness during 2019-20.

### **DARAC Review of Effectiveness**

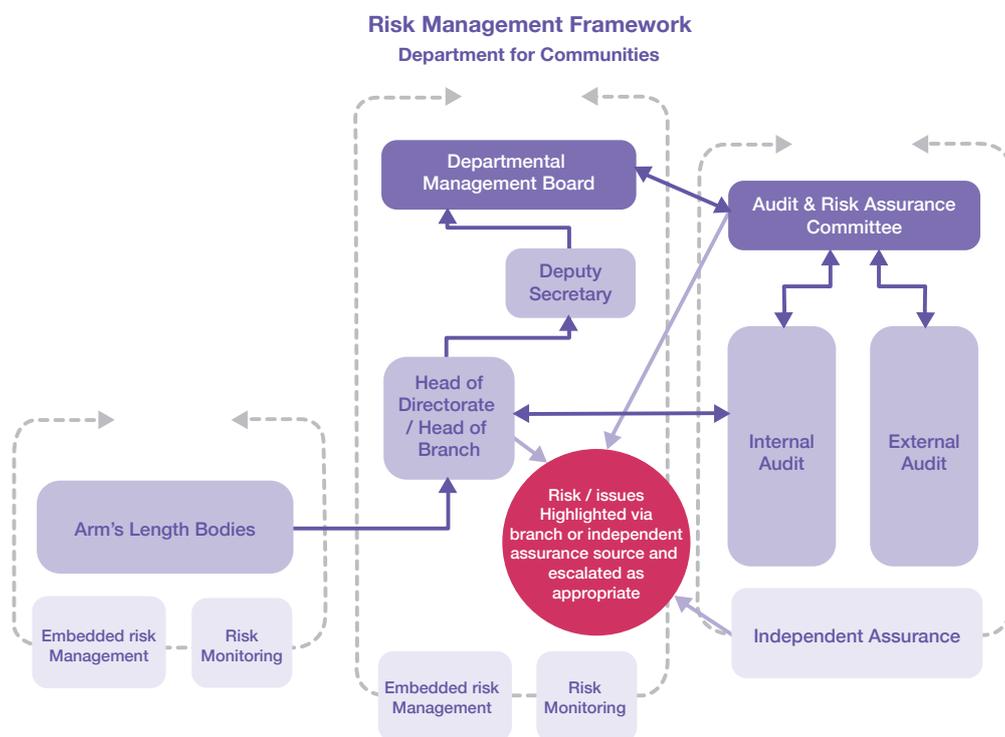
DARAC also undertook a review of effectiveness at the end of 2018-19 in line with recommended best practice. The review was undertaken using the National Audit Office (NAO) 'Audit and Risk Assurance Committee Effectiveness Checklist', and was also considered as part of the wider Board Effectiveness review carried out by Ernst & Young, as outlined above. Both confirmed DARAC's compliance with best practice and ratified the strength of the DfC committee arrangements.

### **Risk Management Arrangements**

#### **Overview**

DfC's Risk Management Framework forms part of its corporate governance system and facilitates compliance with the Corporate Governance Code.

Risk Management is embedded into the Department's business planning process at both strategic and operational levels in line with the guidance and approach set out in the HM Treasury Orange Book 'Management of Risks – Principles and Concepts'. The system of internal control is designed to maintain risk at a manageable level (based on the risk appetite agreed annually by the Board) in order to provide reasonable assurance of effectiveness. The DfC Framework is outlined opposite:



## Risk Appetite & Corporate Risks

The Board considers its Risk Appetite against a range of risk categories on an annual basis. This allows Risk Owners to establish controls and manage risks in line with Board expectations. The Board agrees the risks to be included in the Department’s Corporate Risk Register and assigns ownership for each corporate risk. A detailed review of the Corporate Risk Register is undertaken by the Board on a quarterly basis.

## Assurance Framework

### Overview

Part of the Department’s Risk Management process is an agreed Assurance Framework. This includes provision of quarterly Assurance Statements by Deputy Secretaries on their risk management processes and internal control arrangements. Deputy Secretaries use their Assurance Statements to identify any exceptions/material concerns within their

Groups or the Arm’s Length Bodies (ALBs) for which they are responsible.

This integrated assurance process informs the work of the Department’s Governance Unit and supports the reporting process for DARAC.

The Board receives a robust assessment of the reliability and effectiveness of assurances available following each DARAC meeting in the form of a report from the DARAC Chair. The Chair’s report provides an overview of each quarterly meeting, key papers and an assessment of assurances available. Minutes of DARAC meetings are also provided for Board scrutiny.

In addition, the DARAC Chair also provides an annual report to the Board outlining the work undertaken by the Committee during the year and his assessment of assurances available on the effectiveness of risk management,

control and governance across DfC. The Chair's annual report for 2018-19 provided positive assurance to the Board and Accounting Officer.

### **Fraud and Whistleblowing Arrangements**

The Department's Fraud Policy details responsibilities in respect of the prevention of fraud, bribery or serious irregularity within the Department and its ALBs. The procedures to be followed in the event of fraud being detected or suspected are detailed in the supporting Fraud Response Plan. Cases under enquiry or investigation are reported to DARAC and the Board on a quarterly basis.

The Department's Raising Concerns (Whistleblowing) guidance and procedures explain how workers can raise concerns about potential wrongdoing and how anyone who is not a member of staff can raise concerns about the proper conduct of public business by the Department or its ALBs. DARAC and the Board are updated on Raising Concerns (whistleblowing) on a quarterly basis.

### **Head of Internal Audit Opinion**

The Head of Internal Audit (HIA) provides an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Department's framework of governance, risk management and control. For 2017-18 and 2018-19, the HIA provided an overall satisfactory opinion on the Department's arrangements.

Progress against the Annual Internal Audit Plan is monitored by DARAC. A departmental audit database, and the attendance of the

HIA at Group Management Board meetings, is used to monitor and focus on the implementation of outstanding internal audit recommendations where a limited or unacceptable opinion has been reported. Details of limited opinion reports are included at page 17. The HIA provides an overall opinion based on work undertaken during the year, which for 2017-18 and 2018-19 is '**Satisfactory**'.

In 2017-18, the DfC Internal Audit completed one review of Social Fund Services as these are now centralised in Lisburn. The report outlines a satisfactory audit opinion.

### **Other Assurances**

In addition to assurances received from my Deputy Secretaries and HIA I receive an annual and mid-year inter-departmental report from the DoF HIA on services provided to NICS Departments by DoF. A '**Satisfactory**' audit opinion has been provided by the DoF HIA in relation to 2017-18 and 2018-19 shared services overall.

DfC relies on DWP computer systems, services and underpinning commercial arrangements to calculate and deliver the majority of benefits. The DWP Accounting Officer provides his assessment of DWP Systems of Control and Significant Control Issues in the DWP Annual Report and Accounts. This includes a DWP assessment on "Keeping Our Systems and Data Safe", and identifies the 2018-19 removal of DWP significant control challenge "Maintaining IT Services" due to significant progress in the refreshing DWP aging IT infrastructure while delivering sustained service availability. DfC places reliance on this assessment and on

UK wide arrangements for cyber security operated through the National Cyber Security Centre and the DWP Cyber Resilience Centre.

## Key Risks and Issues

### Overview

The most significant issues relating to the NI Social Fund in 2018-19 are detailed below:

### Northern Ireland Assembly and Budget Authority

The Northern Ireland Assembly was dissolved on 26 January 2017. An Executive was not formed following the 2 March 2017 election, and from this date Ministers ceased to hold office.

As a consequence the Northern Ireland Budget Act 2017 was progressed through Westminster, receiving Royal Assent on 16 November 2017, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2018 which received Royal Assent on 28 March 2018. The authorisations, appropriations and limits in these Acts provide the authority for the 2017-18 financial year and a vote on account for the early months of the 2018-19 financial year as if they were Acts of the Northern Ireland Assembly.

In the continuing absence of an Executive and a sitting Assembly the Northern Ireland Budget Act 2018 was progressed through Westminster, receiving Royal Assent on 20th July 2018, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2019 which received Royal Assent on 15th March 2019. The authorisations, appropriations and limits in these Acts provide the authority for the 2018-19 financial year and a vote on account for the early

months of the 2019-20 financial year as if they were Acts of the Northern Ireland Assembly.

### General Data Protection Regulation (GDPR)

GDPR was introduced on 25 May 2018 and represents the biggest change in data protection law for 20 years. The Department agreed a GDPR strategy and implementation plan in November 2017. The Implementation Plan continues to be closely managed.

### Protective Security

During 2017-18 there were five major security incidents, four involved Royal Mail losing information in the postal system and the other involved an Appeals Tribunal Panel Member losing a set of Appeals Papers.

While eleven major incidents involving personal data were reported to the Data Protection Officer during 2018-19 none of these met the threshold requiring notification to the Information Commissioners Office. There were no reported incidents from 2017-18 carrying into 2018-19.

### Fraud and Whistleblowing

During 2017-18, 21 incidents of suspected fraud were received relating to both the Department and its ALBs.

Seventeen incidents of suspected fraud were received during 2018-19, relating to both the Department and its ALBs.

### Fraud and Error in Benefit Expenditure

DfC is responsible for payment of social security benefits including the range of new benefits introduced under Welfare Reform.

With all benefit processing there is an inherent risk of fraud/error which the NIAO highlights as the most significant risk in terms of material misstatement in the Department's financial statements.

A wide range of activities is in place to mitigate against the risk of fraud and error within benefit systems. The estimated level of fraud/error has however resulted in qualification of the audit opinion on the regularity of benefit expenditure and will remain an area of focus for the Department.

### **Welfare Reform**

The programme of Welfare Reform changes and specifically the introduction of Universal Credit represents the most substantial and widespread change to the welfare system since its inception. In addition to UK-wide changes the Northern Ireland Executive agreed a range of mitigation measures in the form of Welfare Supplementary Payments for Northern Ireland which have been in place since 2016-17.

All Welfare Reforms are now live in Northern Ireland, including Universal Credit which commenced in September 2017 and has been successfully rolled out for new claims. The next implementation phase will transfer existing claimants of legacy benefits, including Tax Credit, over to Universal Credit between 2020 and 2023.

The NIAO published a report on Welfare Reform in Northern Ireland in January 2019, which is available via the NIAO website: [www.niauditoffice.gov.uk/sites/niao/files/medfiles/Welfare%20Reform%20Report%202019.pdf](http://www.niauditoffice.gov.uk/sites/niao/files/medfiles/Welfare%20Reform%20Report%202019.pdf)

### **Limited Opinion Audit Reports**

A limited opinion audit report was issued after March 2018: 'Income Support 2017-18' relating to the non-completion of a number of key mandatory checks in respect of the award and payment of the benefit. A subsequent internal audit follow-up of the Income Support audit report raised the opinion to Satisfactory.

### **Social Fund Fraud and Error**

For the 2016-17 financial year the NI Comptroller and Auditor General provided an unqualified opinion on the Social Fund accounts. The level of error had reduced to a level significantly below materiality and previous qualified regularity audit opinion was removed.

The Department is committed to continuous improvement in its measurement of fraud and error. For the first time in 2017 the Department has applied proxy rates to Social Fund expenditure. The use of proxy figures represents a methodology change in the approach to the measurement of fraud and error and the presentation of the estimates in the accounts. Proxy rates provide an approximate estimate for an unreviewed benefit.

Social Fund official error for Budgeting Loans (BL), Community Care Grants (CCG) and Crisis Loans (CL) was measured as part of the Departments 2016 Financial Accuracy exercise and the results for Budgeting Loans are updated for the 2017 year. Official error for Social Fund Funeral Loans (FL) and Sure Start Maternity Grants (SSMG) is based on updated 2013 results.

Winter Fuel Payments and Cold Weather Payments are not included within the Department's official error annual measurement exercise as the nature and administration of these payments means that the possibility and the level of official error is considered to be insignificant. For the first time in 2017 Official Error proxy rates have been applied to Winter Fuel Payments and Cold Weather Payments.

Previously the Department did not measure Social Fund customer fraud and customer error. The measurement of benefit fraud and error is expensive and complex and it is important to assess and decide which benefits should be given priority for review and that account is taken of the relative value/risk profile of each benefit. In addition a large proportion of Social Fund payments are made up of loans that are normally paid back to the DfC. In some cases, Social Fund payments are made primarily because the recipient receives other social security benefits that are subject to regular review. Therefore, because of the nature of Social Fund administration and payments, the expenditure is considered to be less vulnerable to customer fraud and error.

For the first time in 2017 Customer Error and Customer Fraud proxy rates have been applied to the total of Budgeting Loans, Funeral Loans and Sure Start Maternity Grants expenditure. Proxy rates were also used for the first time to provide customer fraud and error estimates for Winter Fuel Payments and Cold Weather Payments.

Taking into account this significant change in methodology for the 2017 year and the use of proxy rates total estimated overpayments for

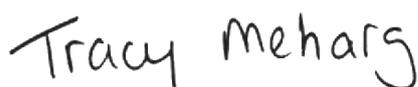
Social Fund expenditure were £1.20m (1.1% of total Social Fund expenditure). The 2016 year total estimated overpayments for Social Fund were £0.320m (0.2% of total Social Fund expenditure; the 2016 methodology did not include any proxy rates).

For 2017 total estimated underpayments were £0.339m (0.3% of total Social Fund expenditure). In 2016 total estimated underpayments were £0.182m of underpayments (0.1% of total Social Fund expenditure) again the 2016 methodology did not include any proxy rates.

A wide range of activities is in place to mitigate against the risk of fraud and error within the benefit systems and this will remain an area of focus for the Department.

#### **4. Conclusion**

I am satisfied that DfC has effective governance arrangements in place that I can rely on as Accounting Officer to provide assurance that the public funds and other resources for which I am accountable are deployed effectively. Where significant issues have arisen I am satisfied that appropriate action is being taken to address the issues concerned.



**Tracy Meharg**  
**Accounting Officer**

**27 June 2019**

# The Certificate and report of the Comptroller and Auditor General to the Northern Ireland Assembly

## Opinion on financial statements

I certify that I have audited the Social Fund Account for the year ended 31 March 2018 under the Social Security Administration (Northern Ireland) Act 1992. These comprise the Receipts and Payments Account, Statement of Balances and the related notes. These accounts have been prepared under the accounting policies set out within them.

In my opinion:

- the accounts properly presents the receipts and payments of Social Fund for the year then ended and the cash balances as held at 31 March 2018; and
- the accounts have been properly prepared in accordance with the Social Security Administration (Northern Ireland) Act 1992 and Department of Finance directions issued thereunder.

## Opinion on regularity

In my opinion, in all material respects the receipts and payments recorded in the accounts have been applied to the purposes intended by the Assembly and the financial transactions recorded in the accounts conform to the authorities which govern them.

## Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK)

(ISAs) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of this certificate. My staff and I are independent of the Department for Communities in accordance with the ethical requirements of the Financial Reporting Council's Revised Ethical Standard 2016, and have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinions.

## Other Information

The Board and the Accounting Officer are responsible for the other information included in the annual report. The other information comprises the information included in the annual report other than the financial statements and my audit certificate report. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or

my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion the information given in the Foreword for the financial year for which the accounts are prepared is consistent with the accounts.

### **Responsibilities of the Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they properly present the receipts and payments during the year.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Social Security Administration (Northern Ireland) Act 1992.

My objectives are to obtain evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is

not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the receipts and payments recorded in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements to be audited are not in agreement with the accounting records; or
- I have not received all of the information and explanations I require for my audit; or

- the Governance Statement does not reflect compliance with Department of Finance’s guidance.

## Report

I have no observations to make on these financial statements.



**KJ Donnelly**  
**Comptroller and Auditor General**  
**Northern Ireland Audit Office**  
**106 University Street**  
**Belfast**  
**BT7 1EU**

**XX June 2019**

# Social Fund Receipts and Payments Account for the year ended 31 March 2018

Receipts	2017-18 £000	2016-17 £000
Receipts from DfC Vote RfR A	55,770	57,434
Receipts from DfC Consolidated Fund	-	5,297
Repayments of Funeral Loans	128	146
Repayments of Budgeting Loans	56,575	55,534
Repayments of Crisis Loans	-	11,807
Refund of Social Fund overpayments	8	12
<b>Total Receipts</b>	<b>112,481</b>	<b>130,230</b>
Less		
<b>Payments</b>		
Sure Start Maternity Grants	1,128	1,373
Funeral Loans	2,194	2,274
Cold Weather Payments	1,849	-
Budgeting Loans	54,095	56,413
Crisis Loans	-	6,622
Community Care Grants	-	10,482
Winter Fuel Payments	52,229	52,853
<b>Total Payments</b>	<b>111,495</b>	<b>130,017</b>
<b>Excess of receipts over payments / (Payments over receipts)</b>	<b>986</b>	<b>213</b>

## Statement of Balances

	2017-18 £000	2016-17 £000
Opening Balance	1,673	1,460
Plus Excess of receipts over payments / Less Excess of Payments over receipts)	986	213
Closing Balance	2,659	1,673

The notes on pages 25 to 35 form part of the account.

Tracy Meharg

**Tracy Meharg**  
**Accounting Officer**

**27 June 2019**

# Notes to the Account

## 1. Accounting Policies

The account is prepared in accordance with Section 146(4) of the Social Security Administration (Northern Ireland) Act 1992.

It has been prepared on a cash basis with no provision for accruals and in a form directed by the Department of Finance, shown as an appendix to this account.

## 2. Statement of Budgeting Loans

	Budgeting Loans £000	
	2017-18	2016-17
Opening Amount	65,421	64,803
Amount loaned	54,095	56,413
Transferred to overpayments	-	(1)
Amount recovered	(56,575)	(55,534)
Amounts written off	(234)	(260)
Closing Amount	62,707	65,421

The amount for loans outstanding at 31 March 2018 shown in this note is based on cumulative loans and repayments and adjusted for amounts written-off and

amounts transferred to overpayments. Crisis Loan balances are presented in the Departmental Resource Accounts.

### 3. Age of Loans Analysis

Loans are normally recovered by deduction from social security benefits and, where this is not possible, by cash repayments. Where a customer has more than one loan, the earliest loan is normally recovered first, with repayment of later loans following automatically. Loans can therefore take several years to recover fully. This may be due to the customer losing entitlement to benefit and recovery being deferred until a further claim is made. In addition recovery of loans is determined by legislation and can be restricted to avoid causing hardship. The Department for Communities (DfC) has a statutory obligation to issue Social Fund loans and seek repayments in line with legislation. From 28 November 2016 Crisis Loans were replaced with the Discretionary Support Scheme.

The loan balances shown above represent the total (gross) amounts outstanding. These balances may not reflect the amounts that are actually recovered. The estimated net recoverable amount for Social Fund loan balances is stated in the DfC annual report and accounts. The net amount outstanding per the Departmental accounts at 31 March 2018 for Budgeting Loans was £57.881m (2016-17: £56.912m). The net totals reflect the 2017-18 fair value adjustments as required by the relevant financial accounting standards and guidance.

**An analysis of the age and number of loans outstanding at 31 March 2018 is summarised below.**

Category	Budgeting Loans £000	2016-17 Total £000
5 years and more 96,697 cases (2016-17: 86,736 cases)	8,420	7,590
Between 1 year and less than 5 years. 155,296 cases (2016-17: 190,021 cases)	19,281	20,015
Less than 1 year. 96,163 cases (2016-17: 148,510 cases)	35,006	37,816
<b>Total</b>	<b>62,707</b>	65,421

## 4. Statement of Funeral Loans Outstanding

	2017-18 £000	2016-17 £000
Opening amount	4,354	4,639
Amount loaned	2,194	2,274
Amount recovered	(128)	(146)
Amount written off	(2,194)	(2,413)
Closing Amount	4,226	4,354

The amount for Funeral Loans outstanding at 31 March 2018 shown in this note is based on cumulative loans and repayments disclosed in the receipts and payments account and adjusted for amounts written off.

Funeral Loans are recoverable only from the estate of the deceased, but in the majority of cases the estate is insufficient for the funeral payment to be recovered.

The loan balance shown above represents the total (gross) amount outstanding. The balance for Funeral Loans may not reflect the amount

that is actually recovered. The estimated net recoverable amount for Social Fund loan balances is stated in the DfC annual report and accounts. The net amount outstanding at 31 March 2018 for Funeral Loans was £0.094m (2016-17: £0.105m). The net total reflects the 2017-18 fair value adjustments as required by the relevant financial accounting standards and guidance.

**An analysis of the age and number of Funeral Loans outstanding is summarised below.**

Category	2017-18 £000	2016-17 £000
5 years and more. 5 cases (2016-17: 4 cases)	5	3
Between 1 year and less than 5 years. 1,973 cases (2016-17: 2,011 cases)	2,085	2,126
Less than 1 year 2,008 cases (2016-17: 2,081 cases)	2,176	2,225
<b>Total</b>	<b>4,266</b>	<b>4,354</b>

## 5. Losses

	2017-18 £000	2016-17 £000
<b>Funeral Loans:</b> Claims for recoverable Funeral Loans written off mainly due to insufficient estates. 2,074 cases (2016-17: 2,292 cases)	2,194	2,413
<b>Budget Loans:</b> Written off 642 cases (2016-17: 708 cases)	234	260
<b>Total</b>	<b>2,428</b>	<b>2,673</b>

## 6. Statement of Overpayments

	Regulated £000	Discretionary £000	Total £000
Amount outstanding at 01 April 2017	1	49	50
New overpayments in year 2017-18	-	1	1
Amount recovered in year 2017-18	-	(8)	(8)
Amount written off/Adjusted in year 2017-18	-	(2)	(2)
Amount outstanding at 31 March 2018	1	40	41

The amount for overpayments outstanding at 31 March 2018 shown in this note is based on the cumulative overpayments which have been identified less the repayments disclosed in the receipts and payments account.

In line with DfC policy and procedures for the referral of benefit overpayment debt Social Fund overpayments are referred to the DfC Debt Management team for recovery action. The Social Fund overpayment debt is also incorporated within the benefit overpayment receivable amounts in the DfC annual report and accounts.

## 7. Standing Balances

The closing balance within the Fund will vary from year to year but the intention is to maintain a standing balance of £1.3m. At 31 March 2018 this balance was £2.6m. In 2017-18 the Department continued to monitor and regulate the Social Fund standing balance to ensure it was maintained within acceptable tolerances.

A monthly draft receipts and payments account is produced to inform the funding requirements for Social Fund on a regular basis. The Department for Communities will continue the funding, monitoring and reporting processes throughout the next financial year to ensure that Social Fund standing balance is maintained within an acceptable level.

## 8. Payment Accuracy – Social Fund

### Background

Social Security legislation lays out the basis on which the Department for Communities (DfC) calculates and pays benefits. However, the complexity of the benefit systems and inherent risks associated with the award and payment of benefits can result in inaccurate payments being made in a proportion of the awards made. The Department has a robust security strategy in place to tackle incorrectness and measure results. The focus is on the prevention, detection and correction of fraud and error, with investigation and prosecution where appropriate. Further information on the range and detail of the Department's counter fraud and error activities is included in the DfC Annual Report and Accounts.

The Department is committed to continuous improvement in its measurement of fraud and error. For the first time in 2017 the Department has applied proxy rates to Social Fund expenditure. The use of proxy figures represents a methodology change in the approach to the measurement of fraud and error and the presentation of the estimates in the accounts. Proxy rates provide an approximate estimate for an unreviewed benefit.

### Social Fund Official Error Estimates

Official Error occurs when benefit awards are miscalculated as a result of an official not applying the benefit specific rules correctly or not taking into account all the circumstances applicable to an individual. Social Fund official error for Budgeting Loans (BL), Community Care Grants (CCG) and Crisis Loans (CL) was measured as part of the Departments 2016 Financial Accuracy exercise and the results for Budgeting Loans are updated for the 2017 year. Official error for Social Fund Funeral Loans (FL) and Sure Start Maternity Grants (SSMG) is based on updated 2013 results. This does not affect the statistical validity of the Social Fund result as the remaining elements are still measured to a 95% confidence level.

Winter Fuel Payments and Cold Weather Payments are not included within the Department's official error annual measurement exercise as the nature and administration of these payments means that the possibility and the level of official error is considered to be insignificant. For the first time in 2017 Official Error proxy rates have been applied to Winter Fuel Payments and

Cold Weather Payments. The Official Error proxy rate utilised for Winter Fuel Payments is State Pension and for Cold Weather Payments the Jobseekers Allowance Official Error rate has been selected.

## Social Fund Customer Error and Customer Fraud Estimates

Customer Error occurs where there has been a failure by the customer to notify a reportable change that affects the benefit in payment but there is no suspicion of fraud/ fraudulent intent.

Customer Fraud occurs where the basic conditions of entitlement have not been met, where the customer could reasonably be expected to be aware of the effect on entitlement to benefit and the customer has deliberately not reported relevant information.

Previously where Social Fund had not been measured it was assumed for overall fraud & error calculations, there was no customer fraud or error within these benefits. The use of proxy figures to now estimate Social Fund Customer Error and Customer Fraud represents a methodology change so care should be taken when making comparisons between 2017 and previous years.

For the first time in 2017 Customer Error and Customer Fraud proxy rates have been applied to the total of Budgeting Loans, Funeral Loans and Sure Start Maternity Grants expenditure. These categories of Social Fund expenditure can be accessed by a variety of different benefit claimants and a percentage breakdown of customer applicants for Budgeting Loans is included in the Table below:

Customer group	% of Expenditure
Pensioners	8.1
Unemployed	14.6
Disabled	32.7
Lone Parents	26.9
Others	17.7
<b>TOTAL</b>	<b>100</b>

A combination of proxy rates was used to determine the overall Customer Error and Customer Fraud proxy. **The different proxy rates utilised were as follows:**

- Social Fund expenditure - Pensioners = State Pension Credit rate as proxy
- Social Fund expenditure - Unemployed = JSA rate as proxy
- Social Fund expenditure - Disabled = DLA rate as proxy
- Social Fund expenditure - Lone Parent = IS rate as proxy
- Social Fund expenditure - other = Overall rate as proxy

For Winter Fuel Payments State Pension was used as a proxy for Customer Error and Customer Fraud and for Cold Weather Payments the Jobseekers Allowance Customer Error and Customer Fraud rates were selected for use as the proxies.

### Confidence Intervals:

Confidence intervals around the statistical estimates are provided in the Tables below. The Department reviews a sample of claims; this is a sampling approach as it would be impractical to assess every case and therefore requires a level of statistical certainty to underpin the estimates. This level of certainty is quantified with confidence intervals or tolerances around which the central estimates are produced. These give the range in which the Department has a confidence level of 95%. This means the

Department can be 95% sure that the true value lies for each of the estimates presented. Tables 1 and 2 show the Monetary Value of Error (MVE) and the MVE as a percentage of expenditure. The associated 'range' or 'lower' and 'upper' confidence intervals are also provided. The figures also account for additional uncertainty that has been introduced into the overall estimates by the introduction of data from previous years.

The tables below set out the estimates of overpayments and underpayments due to fraud and error in Social Fund expenditure for the calendar year 2017. Estimates for Official Error for 2016 are also shown for comparative purposes. (Please note the 2016 comparatives are not restated to take account of proxy rates).

### Estimates of Social Fund Overpayments for 2017 and 2016

Year 2017	Expenditure £	Monetary value of Official Error £	Lower Confidence Level £	Upper Confidence Level £	Monetary value of Error as a % of Expenditure	Lower Confidence Interval	Upper Confidence Interval
Official Error	110,698,472	255,034	13,860	594,748	0.2%	0.0%	0.5%
Customer Error	110,698,472	122,258	0	408,729	0.1%	0.0%	0.4%
Customer Fraud	110,698,472	824,606	82,363	1,436,234	0.7%	0.1%	1.3%
<b>Total Overpayments</b>	<b>110,698,472</b>	<b>1,201,898</b>	<b>388,379</b>	<b>1,957,914</b>	<b>1.1%</b>	<b>0.4%</b>	<b>1.8%</b>

Year 2016	Expenditure £	Monetary value of Official Error £	Lower Confidence Level £	Upper Confidence Level £	Monetary value of Error as a % of Expenditure	Lower Confidence Interval	Upper Confidence Interval	Period of Financial Accuracy Review
Official Error Total	80,863,227	319,731	157,948	550,413	0.4%	0.2%	0.7%	BL/CCG/CL 2016* FP/SSMG 2013 Updated

## Estimates of Social Fund Overpayments due to Official Error 2017

Social Fund Benefit	Expenditure £	Monetary value of Official Error £	Lower Confidence Level £	Upper Confidence Level £	Monetary value of Error as a % of Expenditure	Lower Confidence Interval	Upper Confidence Interval	Period of Financial Accuracy Review
Social Fund (excl. CL)	58,098,505	247,150	6,255	586,228	0.4%	0.0%	1.0%	BL 2016 Updated FL/SSMG 2013 Updated
WFP	52,221,442	5,710	0	25,798	0.0%	0.0%	0.0%	SP Proxy
CWP	378,525	2,173	0	7,532	0.6%	0.0%	2.0%	JSA Proxy
<b>Total</b>	<b>110,698,472</b>	<b>255,034</b>	<b>13,860</b>	<b>594,748</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.5%</b>	

## Estimates of Social Fund Overpayments due to Official Error 2016

Social Fund Benefit	Expenditure	Monetary value of Official Error £	Lower Confidence Level £	Upper Confidence Level £	Monetary value of Error as a % of Expenditure	Lower Confidence Interval	Upper Confidence Interval	Period of Financial Accuracy Review
BL/CCG/CL FP/SSMG	80,863,227	319,731	157,948	550,413	0.4%	0.2%	0.7%	BL/CCG/CL 2016* FP/SSMG 2013 Updated

## Estimates of Social Fund Overpayments due to Customer Error 2017

Social Fund Benefit	Expenditure	Monetary value of Official Error £	Lower Confidence Level £	Upper Confidence Level £	Monetary value of Error as a % of Expenditure	Lower Confidence Interval	Upper Confidence Interval	Period of Financial Accuracy Review
Social Fund (excl. CL)	58,098,505	121,898	0	408,366	0.2%	0.0%	0.7%	Combination Proxy
WFP	52,221,442	0	0	0	0.0%	0.0%	0.0%	SP Proxy
CWP	378,525	360	0	1,781	0.1%	0.0%	0.5%	JSA Proxy
<b>Total</b>	<b>110,698,472</b>	<b>122,258</b>	<b>0</b>	<b>408,729</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.4%</b>	

(Please note there are no comparative 2016 estimates for Social Fund Customer Error overpayments).

## Estimates of Social Fund Overpayments due to Customer Fraud 2017

Social Fund Benefit	Expenditure £	Monetary value of Official Error £	Lower Confidence Level £	Upper Confidence Level £	Monetary value of Error as a % of Expenditure	Lower Confidence Interval	Upper Confidence Interval	Period of Financial Accuracy Review
Social Fund (excl. CL & BL)	58,098,505	809,494	67,424	1,420,828	1.4%	0.1%	2.4%	Combination Proxy
WFP	52,221,442	0	0	0	0.0%	0.0%	0.0%	SP Proxy
CWP	378,525	15,112	0	34,076	4.0%	0.0%	9.0%	JSA Proxy
<b>Total</b>	<b>110,698,472</b>	<b>824,606</b>	<b>82,363</b>	<b>1,436,234</b>	<b>0.7%</b>	<b>0.1%</b>	<b>1.3%</b>	

(Please note there are no comparative 2016 estimates for Social Fund Customer Fraud overpayments).

## Estimates of Social Fund Underpayments for 2017 and 2016

Year 2017	Expenditure £	Monetary value of Official Error £	Lower Confidence Level £	Upper Confidence Level £	Monetary value of Error as a % of Expenditure	Lower Confidence Interval	Upper Confidence Interval
Official Error	110,698,472	178,113	0	716,977	0.2%	0.0%	0.6%
Customer Error	110,698,472	161,267	0	1,023,909	0.1%	0.0%	0.9%
<b>Total Overpayments</b>	<b>110,698,472</b>	<b>339,380</b>	<b>0</b>	<b>1,356,496</b>	<b>0.3%</b>	<b>0.0%</b>	<b>1.2%</b>

Year 2016	Expenditure £	Monetary value of Official Error Total £	Lower Confidence Level £	Upper Confidence Level £	Monetary value of Error as a % of Expenditure	Lower Confidence Interval	Upper Confidence Interval	Period of Financial Accuracy Review
Official Error Total	80,863,227	182,254	8,685	553,752	0.2%	0.0%	0.7%	BL/CCG/CL 2016* FP/SSMG 2013 Updated

## Estimates of Social Fund Underpayments due to Official Error 2017

Social Fund Benefit	Expenditure £	Monetary value of Official Error £	Lower Confidence Level £	Upper Confidence Level £	Monetary value of Error as a % of Expenditure	Lower Confidence Interval	Upper Confidence Interval	Period of Financial Accuracy Review
Social Fund (excl. CL)	58,098,505	130,826	0	658,791	0.2%	0.0%	1.1%	BL 2016 Updated FL/SSMG 2013 Updated
WFP	52,221,442	44,681	0	152,305	0.1%	0.0%	0.3%	SP Proxy
CWP	378,525	2,606	0	9,285	0.7%	0.0%	2.5%	JSA Proxy
<b>Total</b>	<b>110,698,472</b>	<b>178,113</b>	<b>0</b>	<b>716,977</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.6%</b>	

## Estimates of Social Fund Underpayments due to Official Error 2016

Social Fund Benefit	Expenditure	Monetary value of Official Error £	Lower Confidence Level £	Upper Confidence Level £	Monetary value of Error as a % of Expenditure	Lower Confidence Interval	Upper Confidence Interval	Period of Financial Accuracy Review
BL/CCG/CL FP/SSMG	80,863,227	182,254	8,685	553,752	0.2%	0.0%	0.7%	BL/CCG/CL 2016* FP/SSMG 2013 Updated

## Estimates of Social Fund Underpayments due to Customer Error 2017

Social Fund Benefit	Expenditure	Monetary value of Official Error £	Lower Confidence Level £	Upper Confidence Level £	Monetary value of Error as a % of Expenditure	Lower Confidence Interval	Upper Confidence Interval	Period of Financial Accuracy Review
Social Fund (excl. CL)	58,098,505	64,390	0	214,234	0.1%	0.0%	0.4%	Combination Proxy
WFP	52,221,442	96,877	0	946,405	0.2%	0.0%	1.8%	SP Proxy
CWP	378,525	0	0	0	0.0%	0.0%	0.0%	JSA Proxy
<b>Total</b>	<b>110,698,472</b>	<b>161,267</b>	<b>0</b>	<b>1,023,909</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.9%</b>	

(Please note there are no comparative 2016 estimates for Social Fund Customer Error underpayments).

Full details of the estimated fraud and error results for the Department for Communities are included in the 2017-18 Departmental Annual Report and Accounts, (Note 23, Payment Accuracy).

### Social Fund Accounts – Official Error

The DfC Social Fund White Paper accounts for the financial year April 2017 to March 2018 are prepared on a cash basis with no provision for accruals. Expenditure and receipts for the financial year, and the Statement of Balances are included in the Receipts and Payment Account. The account includes expenditure for Cold Weather Payments and Winter Fuel Payments.

The estimated level of total overpayments for 2017 as a proportion of the total 2017-18 Social Fund expenditure is detailed in Table 1 below. Estimates for Official Error overpayments for 2016-17 are also shown in Table 1 for comparative purposes.

The estimated level of total underpayments for 2017 as a proportion of the 2017-18 Social Fund expenditure is detailed in Table 2 below. Estimates for Official Error underpayments for 2016-17 are also shown in Table 2 for comparative purposes.

**Table 1- Estimated Levels of Total Overpayments in Social Fund expenditure**

Year	Expenditure £000	Monetary value of Official/customer Error & Customer Fraud £000	Monetary value of error as a % of expenditure
2017-18	111,495	1,202	1.1%
2016-17 (Official Error only)	130,017	320	0.2%

**Table 2- Estimated Levels of Total Underpayments in Social Fund expenditure**

Year	Expenditure £000	Monetary value of Official Error/ Customer Error/Customer Fraud £000	Monetary value of error as a % of expenditure
2017-18	111,495	339	0.3%
2016-17 (Official Error only)	130,017	182	0.1%



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# Appendices

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## Appendix 1

# Accounts direction given by the Department of Finance in accordance with Section 146(4) of the Social Security Administration (Northern Ireland) Act 1992

1. This direction applies to the **Department for Communities' Social Fund Account**.
2. For the financial year ended 31 March 2017 and subsequent years, the Department for Communities shall prepare a Social Fund Account comprising a receipts and payments account, a statement of balances and such notes as may be necessary for the purposes referred to in paragraph 4 below, including as a minimum the notes listed in paragraph 5 below.
3. The Social Fund Account shall include a Foreword by the Accounting Officer, a Statement of Accounting Officer's Responsibilities and a Governance Statement. The contents of the Foreword are detailed at Appendix 1 to this direction. The Foreword, the Governance Statement and the statement of balances should be signed and dated by the Accounting Officer.
4. The Social Fund Account shall be in the format shown in Appendix 2 to this direction and properly present the receipts and payments and opening and closing cash balances.
5. The notes shall include:
  - (a) a statement of loans including an age analysis of loans outstanding;
  - (b) a statement of losses;
  - (c) the policy on maintaining a standing balance; and
  - (d) any additional notes as may be necessary for the purposes referred to in paragraph 4 above.
6. The accounts direction shall be reproduced as an annex to the accounts.

*Alison Caldwell*

**Alison Caldwell**  
**Treasury Officer of Accounts**

# Foreword

1. The foreword shall state that the account has been prepared in accordance with a direction issued by DoF in pursuance of Section 146 (4) of the Social Security Administration (Northern Ireland) Act 1992. The foreword will also include details of the following:
  - (a) a brief history of the Social Fund and its statutory background;
  - (b) categories of payment;
  - (c) financial basis of the fund;
  - (d) the publication of the Department for Communities' Annual Report on the Social Fund;
  - (e) audit arrangements.

## Appendix 2

### Receipts and payments account for the year ended 31 March 20XY

<b>RECEIPTS</b>	<b>20XX / XY</b> <b>£'000</b>	<b>20XW / XX</b> <b>£'000</b>
Receipts from DfC Vote RfR A		
Repayments of funeral payments		
Repayments of budgeting loans		
Repayments of crisis loans		
Other receipts		
	_____	_____
total	_____	_____
Less		
<b>PAYMENTS</b>		
Maternity expenses		
Funeral expenses		
Cold weather payments		
Budgeting loans		
Crisis loans		
Community care grants		
Winter Fuel Payments		
	_____	_____
Excess of receipts over payments / (Excess of payments over receipts)	total _____	_____

### Statement of Balances

Opening Balance at 1 April 20XX		
Plus		
Excess of receipts over payments		
(Less		
Excess of payments over receipts)	_____	_____
Closing Balance 31 March 20XY	_____	_____

The Notes on pages [ ] and [ ] form part of the Account.

**Accounting Officer:**

**Date:**







