



Department for  
**Communities**

An Roinn

**Pobal**

Männystrie o

**Communities**

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



# Social Fund Account

For the year ended 31 March 2019

Accounts laid 16 September 2020



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## **Department for Communities**

### **Social Fund Account for the year ended 31 March 2019**

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

16 September 2020



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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: these 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 28 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 2018-19 DfC Annual Report and Accounts.
- Crisis Loan recoveries continue to be received by the Department. These recoveries no longer fund Social Fund expenditure and are not included within the Social Fund Receipts and Payments account. The Crisis Loan balances are included within the 2018-19 DfC Annual Report and Accounts.
- 2.6 Social Fund Budgeting Loans will remain until they are replaced by Budgeting Advances under Universal Credit. 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, and Universal Credit.

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 tenth 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 no Cold Weather triggers for individual stations in the 2018-19 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 rose incrementally until December 2018 when the State Pension age for men and women equalised. 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 2018-19 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 2018-19 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 2018-19 was the week beginning 17 September 2018.

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.

## **Financial Basis of the Social Fund 2018-19**

4. The Social Fund is, in part, financed by grants from the Consolidated Fund, which in 2018-19 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.

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

Under current legislation a reciprocal arrangement between Great Britain (GB) and NI allows a customer debt to move to or from NI with the customer, this enables collection of the debt through the host country's benefit system. Transfers of customer debt are recorded as Budgeting Loans in the receipts and payment schedule where the customer has moved to or from NI

## **Changes to the Social Fund accounts from 01 April 2019**

5. As part of the implementation of Universal Credit in September 2017 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 Budgeting Loan and Funeral 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.

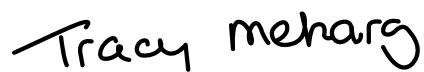
Tracy Meharg was appointed Permanent Secretary and Accounting Officer for the Department for Communities from 10 December 2018.

## **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 2018-19 was published on the 28 January 2020.

## **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**

**10 August 2020**

# 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 (FReM) 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

## 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 DfC Governance Statement 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: <https://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 from 26 January 2017 until an Executive was formed on 11 January 2020. Ministers were not in place during this time . From 11 January 2020, the Department for Communities was under the direction and control of NI Assembly Minister Deirdre Hargey, and from 15 June 2020 Carál Ní Chuilín replaced Deirdre Hargey as acting minister for Communities.

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 for the 2018-19 year 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 Non-Executive Board Members 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). Information on Board and Committee structures, attendance and highlighted areas of focus for 2018- 19, are outlined within the Directors' Report within the DfC annual report and accounts.

### **Board Performance and Effectiveness**

Minutes of Board meetings are available at:  
<https://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**

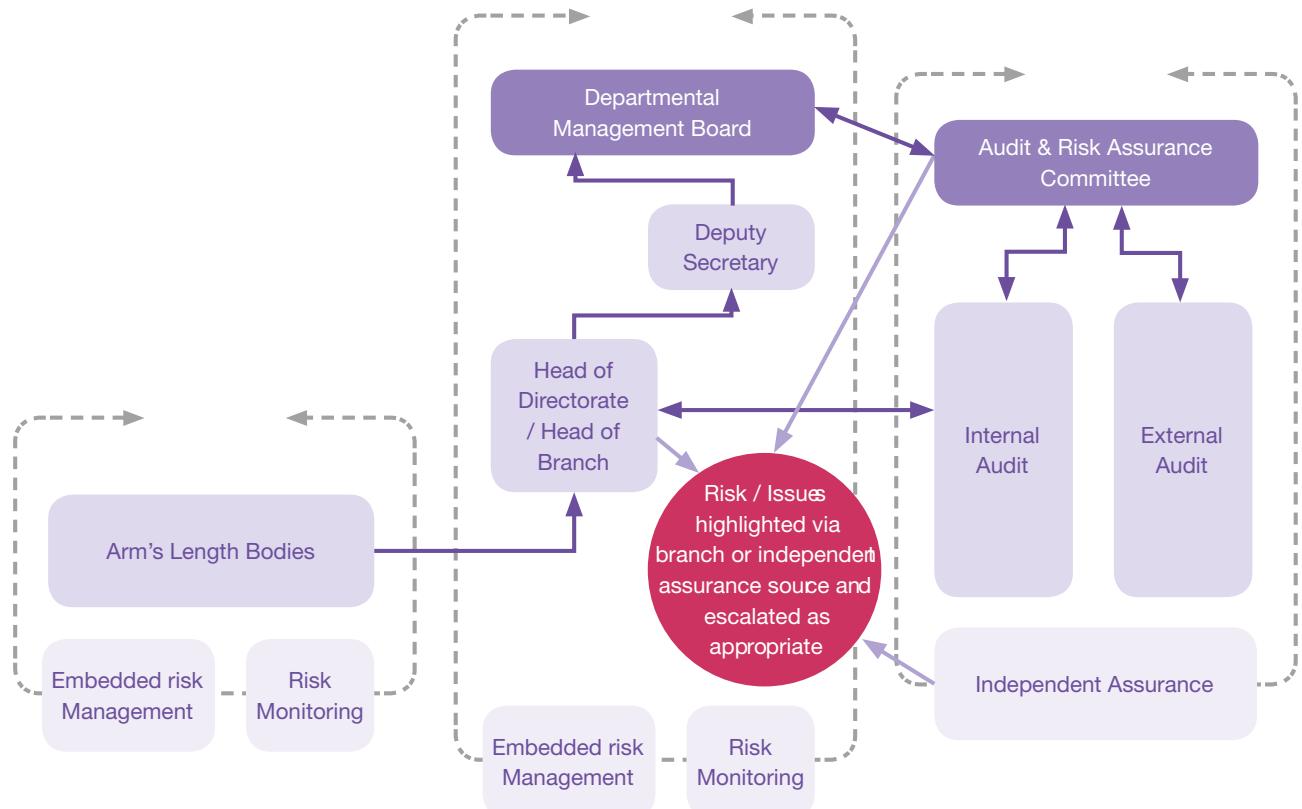
#### **Overview**

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 processes 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 Risk Management Framework is outlined below:

## Risk Management Framework

### Department for Communities



### 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.

Risk Appetite and the areas of risk managed through the Corporate Risk Register during 2018-19 are set out below:

## Department for Communities – Risk Appetite and Areas of Risk Managed during 2018-19

Risk Category	Risk Appetite	Risk Identified
Operational	Open	Failure to ensure that people resources are properly allocated and managed impacts adversely on the delivery of key priorities.
		Because the NIHE is unable to provide the required amount of investment in its stock a reduction in the number of homes available for social let may occur, which could lead to a rise in housing stress and homelessness and knock on effects to other types of housing tenure.
Financial	Averse	Failure to ensure that financial resources are properly allocated and managed impacts adversely on the delivery of key priorities.
Statutory Compliance	Averse	Failure to adequately prepare for the legislative and operational implications of the UK's exit from Europe adversely impacts on the delivery of services and Departmental priorities.
		Failure to prepare for and manage corporate responsibilities for safeguarding and health & safety causes harm to staff, visitors, and / or service users.
Propriety	Open	An ineffective governance framework (including the framework for sponsorship of ALBs) leads to irregularity and /or poor use of resources.
Change	Open	Failure to lead and motivate staff impacts adversely on the delivery of key priorities and the opportunity for innovation and improvement.
Information	Open	Failure to adequately protect physical infrastructure, information and IT systems leads to failure of business systems, loss of key data, reputational damage and non-compliance with legal requirements.

## 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 Arms Length Bodies (ALBs) for which they are responsible.

Sponsorship arrangements are in place for each of the Department's ALBs. These arrangements, together with the ALB Assurance process, inform and support Deputy Secretary Assurance Statements.

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 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. HIA attendance at Group Management Board meetings and a Business Plan target for implementation of audit recommendations, with reporting to the Board, are some of the measures used to ensure strong focus on the implementation of outstanding internal audit recommendations where a limited or unacceptable opinion has been reported. The HIA provides an overall opinion based on work undertaken during the year, which for 2018-19 is '**Satisfactory**'.

In 2018-19 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 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 the DWP System of Control and the Significant Control Challenges in the DWP Annual Report and Accounts. This includes his assessment of “Keeping Our Systems and Data Safe”. In this he reports that “Keeping the sensitive personal data we hold and our information systems safe and secure from a range of threats, which include malicious or criminal intent and accidental breach, remains a significant challenge for the Department”. He highlights the removal of the significant control challenge “Maintaining IT Services” due to significant progress in refreshing DWP ageing IT infrastructure while delivering sustained service delivery and outlines work done and plans in place “to ensure that minimum security standards are met and that the full range of risks is being managed across the technology and physical estates”. DfC places reliance on the DWP Accounting Officer’s assessment and on the UK wide arrangements for cyber security operated through the National Cyber Security Centre and the DWP Cyber Resilience Centre.

## **Key Events Since March 2019**

In November 2019 a novel strain of coronavirus was detected and spread rapidly, leading the World Health Organisation to declare a pandemic on 11 March 2020. The pandemic caused significant economic disruption just before the end of the 2019-20 financial year end.

The ongoing disruption caused by the pandemic has created significant economic uncertainty, and this uncertainty is expected to continue throughout 2020.

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. On 31 January 2020, the Withdrawal Agreement between the UK and the EU became legally binding and the UK left the EU. The future relationship between the EU and the UK will be determined by negotiations taking place during a transition period ending 31 December 2020.

Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations

## **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. 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 20 July 2018, followed by the Northern Ireland Budget (Anticipation and Adjustments) Act 2019 which received Royal Assent on 15 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.

### **Protective Security**

Eleven major incidents involving personal data were reported to the Data Protection Officer during 2018-19, however none of these met the threshold requiring notification to the Information Commissioners Office. No issues related to the Social Fund for 2018-19. There were no reported incidents from 2017-18 carrying into 2018-19. The DfC Data Protection Officer instigates improved staff training and updated guidance as part of the monitoring/review of reported incidents.

### **Fraud and Raising Concerns**

#### **(Whistleblowing)**

Seventeen incidents of suspected fraud were received during 2018-19, relating to both the Department and its ALBs. Of the cases investigated and closed during the year there were ten cases of fraud found, one case where fraud was attempted but prevented due to the operation of internal controls and eight cases where no evidence of fraud was found. Investigations into seven cases were ongoing at the end of the year.

During 2018-19 the Department received twenty five concerns through raising concerns (whistleblowing) arrangements, sixteen of which related to its ALBs. There were no whistleblowing issues relating to the Social Fund for 2018-19.

### **Fraud and Error in Benefit Expenditure**

DfC is responsible for the payment of a wide range of social security benefits including the new benefits introduced under Welfare Reform. As reported in previous years, there is an inherent risk of fraud/error with all benefit processing 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 overall estimated level of fraud/error has however resulted in qualification of the audit opinion on the regularity of benefit expenditure in the DfC annual report and accounts and this will remain an area of focus for the Department.

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

For the 2018-19 financial year the NI Comptroller and Auditor General provided an unqualified opinion on the Social Fund accounts. Details of Social Fund fraud and error are included in Note 8 in the accounts, Payment Accuracy – Social Fund.

This note explains the use of proxy rates to provide an approximate estimate for unreviewed Social Fund benefits.

This methodology provides a measure of Social Fund fraud and error for Official Error, Customer Error and Customer Fraud.

The total estimated overpayments for Social Fund expenditure were £1.23m (1.1% of total Social Fund expenditure). For the 2017 year total estimated overpayments for Social Fund were £1.20m (1.1% of total Social Fund expenditure).

For 2018 total estimated underpayments were £0.428m (0.4% of total Social Fund expenditure). In 2017 total estimated underpayments were £0.339m of underpayments (0.3% of total Social Fund expenditure).

In 2018-19 the National Audit Office (NAO) found a payment error in GB Winter Fuel Payments (WFP). An approximate estimation for the maximum possible error for the 2018-19 NI Social Fund WFP is £0.155m (total 2018-19 WFP expenditure £51.545m).

### **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. The NIAO published a report on Welfare Reform in Northern Ireland in

January 2019, which is available via the NIAO website: <https://www.niauditoffice.gov.uk/publications/welfare-reforms-northern-ireland-0>

All Welfare Reforms are now live in Northern Ireland, including Universal Credit which has been successfully rolled out for new claims. The next phase of implementation will see those in receipt of legacy benefits, including Tax Credit, move to Universal Credit. The start date for the next phase is still to be determined and will be subject to Ministerial approval.

### **Limited Opinion Audit Reports**

Internal Audit issued four limited opinion audit reports in 2018-19 and none were specific to Social Fund. Further details are included within the 2018-19 DfC annual report and accounts.

### **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

10 August 2020

# 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 financial statements of the Social Fund for the year ended 31 March 2019 under the Social Security Administration (Northern Ireland) Act 1992. The financial statements comprise: the Receipts and Payments Account, Statement of Balances; and the related notes including significant accounting policies. These financial statements have been prepared under the accounting policies set out within them.

In my opinion the financial statements:

- properly present the receipts and payments of the Social Fund for the year then ended and the balances as held at 31 March 2019; and
- 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 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.

## 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 Social Fund 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.

## Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs(UK) require me to report to you where:

- the Social Fund's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Social Fund have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Social Fund's ability to continue to adopt the going concern basis.

## **Other Information**

The Accounting Officer is responsible for the other information included in the Foreword. The other information comprises the information included in the Foreword other than the financial statements and my audit certificate and 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 financial statements are prepared is consistent with the Account.

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

As explained more fully in the Statement of Accounting Officer Responsibilities, the Accounting Officer is 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 examine and certify 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 (UK) 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 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 the 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**

**04 September 2020**

# Social Fund Receipts and Payments Account

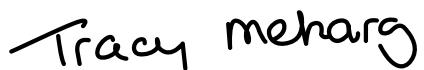
for the year ended 31 March 2019

Receipts	2018-19 £000	2017-18 £000
Receipts from DfC Vote RfRA	52,200	55,770
Repayments of Funeral Loans	126	128
Repayments of Budgeting Loans	58,605	56,575
Refund of Social Fund Overpayments	6	8
<b>Total Receipts</b>	<b>110,937</b>	<b>112,481</b>
Less		
Payments		
Sure Start Maternity Grants	1,151	1,128
Funeral Loans	2,394	2,194
Cold Weather Payments	-	1,849
Budgeting Loans	57,099	54,095
Winter Fuel Payments	51,514	52,229
<b>Total Payments</b>	<b>112,158</b>	<b>111,495</b>
<b>Excess of Receipts over Payments/ (Payments over Receipts)</b>	<b>(1,221)</b>	<b>986</b>

## Statement of Balances

	2018-19 £000	2017-18 £000
Opening Balance	2,659	1,673
Plus Excess of Receipts over Payments/ Less Excess of Payments over Receipts	(1,221)	986
<b>Closing Balance</b>	<b>1,438</b>	<b>2,659</b>

The notes on pages 25 to 38 form part of the account.



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

**10 August 2020**

# 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

	Budget Loans	
	2018-19 £000	2017-18 £000
Opening Amount	62,707	65,421
Amount loaned	57,099	54,095
Transferred to overpayments	-	-
Amount recovered	(58,605)	(56,575)
Amounts written off	(256)	(234)
<b>Closing Amount</b>	<b>60,945</b>	<b>62,707</b>

The amount for loans outstanding at 31 March 2019 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.

Transfers of customer debt are recorded as Budgeting Loans in the receipts and payment schedule where the customer has moved to or from NI. An amount of £400k in Budgeting Loans relates to debt transferred between NI and GB.

## 3. Age of loan 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.

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 2019 for Budgeting Loans was £56.339m

(2017-18: £57.881m). The net total reflects the 2018-19 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 2019 is summarised below:**

Category	Budgeting Loans	
	2018-19 £000	2017-18 £000
5 years and more 35,682 cases (2017-18: 33,430 cases)	8,913	8,420
Between 1 year and less than 5 years. 65,916 cases (2017-18: 77,539 cases)	16,862	19,281
Less than 1 year. 91,018 cases (2017-18: 96,163 cases)	35,170	35,006
<b>Total</b>	<b>60,945</b>	<b>62,707</b>

#### 4. Statement of Funeral Loans outstanding

	2018-19 £000	2017-18 £000
Opening Amount	4,226	4,354
Amount loaned	2,394	2,194
Amount recovered	(126)	(128)
Amounts written off	(2,172)	(2,194)
<b>Closing Amount</b>	<b>4,322</b>	<b>4,226</b>

The amount for Funeral Loans outstanding at 31 March 2019 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 2019 for Funeral Loans was £0.065m (2017-18: £0.094m).

The net total reflects the 2018-19 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	Budgeting Loans	
	2018-19 £000	2017-18 £000
5 years and more. 5 cases (2017-18:5 cases)	5	5
Between 1 year and less than 5 years. 1,886 cases (2017-18: 1,973 cases)	2,047	2,085
Less than 1 year 2,078 cases (2017-18: 2,008 cases)	2,270	2,176
<b>Total</b>	<b>4,322</b>	<b>4,266</b>

## 5. Losses

	2018-19 £000	2017-18 £000
<b>Funeral Loans:</b> Claims for recoverable Funeral Loans written off mainly due to insufficient estates. 2,047 cases (2017-18: 2,074 cases)	2,172	2,194
<b>Budget Loans:</b> Written off 659 cases (2017-18: 642 cases)	256	234
<b>Total</b>	<b>2,428</b>	<b>2,428</b>

## 6. Statement of Overpayments

	Regulated £000	Discretionary £000	Total £000
Amount outstanding at 01 April 2018	1	40	41
New overpayments in year 2018-19	-	1	1
Amount recovered in year 2018-19	-	(6)	(6)
Amount written off/Adjusted in year 2018-19	-	(1)	(1)
<b>Amount outstanding at 31 March 2019</b>	<b>1</b>	<b>34</b>	<b>35</b>

The amount for overpayments outstanding at 31 March 2019 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 2019 this balance was £1.4m. In 2018-19 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 well focused mechanisms 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. The Department measures fraud and error estimates based on a calendar year. For the first time in 2017 the Department applied proxy rates to Social Fund expenditure and this approach has been applied for the 2018 year. 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) was measured as part of the Departments 2016 Financial Accuracy exercise and the results for Budgeting Loans are updated for the 2018 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. In 2018 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. As proxy figures were used to estimate Social Fund Customer Error and Customer Fraud for 2017 and 2018 care should be taken when making comparisons between previous years.

In 2018 Customer Error and Customer Fraud proxy rates have been applied to the total of Budgeting Loans 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	7.33
Unemployed	9.91
Disabled	21.61
Lone Parents	26.33
Others	34.82
<b>Closing Balance</b>	<b>100.00</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:

Customer Group	Proxy Rate
Pensioners	State Pension Credit rate as proxy
Unemployed	JSA rate as proxy
Disabled	DLA rate as proxy
Lone Parents	IS rate as proxy
Others	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 years 2018 and 2017.

## Estimates of Social Fund Overpayments for 2018 and 2017

Year 2018	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	114,855,303	310,833	47,624	684,889	0.3%	0.0%	0.6%
Customer Error	114,855,303	164,839	0	961,660	0.1%	0.0%	0.8%
Customer Fraud	114,855,303	753,293	231,574	1,393,767	0.7%	0.2%	1.2%
<b>Total Overpayments</b>	<b>114,855,303</b>	<b>1,228,965</b>	<b>603,398</b>	<b>2,317,564</b>	<b>1.1%</b>	<b>0.5%</b>	<b>2.0%</b>

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>

## Estimates of Social Fund Overpayments due to Official Error 2018 & 2017

### Official Error 2018

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
<b>Social Fund</b>	61,837,073	263,901	7,047	625,220	0.4%	0.0%	1.0%	BL 2016 Upated FL/SSMG 2013 Upated
<b>WFP</b>	51,545,755	24,449	0	112,332	0.0%	0.0%	0.2%	SP Proxy
<b>CWP<sub>(1)</sub></b>	1,472,475	22,483	0	63,016	1.5%	0.0%	4.3%	JSA Proxy
<b>Total</b>	<b>114,855,303</b>	<b>310,833</b>	<b>47,624</b>	<b>684,889</b>	<b>0.3%</b>	<b>0.0%</b>	<b>0.6%</b>	

### NOTES:

- The Departments measures fraud and error estimates based on calendar year. Cold Weather Payments (CWP) above relate to payments made in the period Jan- Mar 2018. There were no CWP in the 2018-19 financial year.

### 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
<b>Social Fund</b>	58,098,505	247,150	6,255	586,228	0.4%	0.0%	1.0%	BL 2016 Upated FL/SSMG 2013 Upated
<b>WFP</b>	52,221,442	5,710	0	25,798	0.0%	0.0%	0.0%	SP Proxy
<b>CWP</b>	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 Customer Error 2018 & 2017

### Customer Error 2018

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	61,837,073	164,839	0	961,660	0.3%	0.0%	1.6%	Combination Proxy
WFP	51,545,755	0	0	0	0.0%	0.0%	0.0%	SP (2009) Proxy
CWP <sup>(1)</sup>	1,472,475	0	0	0	0.0%	0.0%	0.0%	JSA Proxy
Total	<b>114,855,303</b>	<b>164,839</b>	<b>0</b>	<b>961,660</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.8%</b>	

### NOTES:

- The Department measures fraud and error estimates based on calendar year. Cold Weather Payments (CWP) above relate to payments made in the period Jan- Mar 2018. There were no CWP in the 2018-19 financial year.

### 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	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
Total	<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>	

## Estimates of Social Fund Overpayments due to Customer Fraud 2018 & 2017

### Customer Fraud 2018

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	61,837,073	699,370	181,889	1,334,478	1.1%	0.3%	2.2%	Combination Proxy
WFP	51,545,755	0	0	0	0.0%	0.0%	0.0%	SP (2009) Proxy
CWP <sup>(1)</sup>	1,472,475	53,923	0	136,654	3.7%	0.0%	9.3%	JSA Proxy
Total	114,855,303	753,293	231,574	1,393,767	0.7%	0.2%	1.2%	

### NOTES:

- The Department measures fraud and error estimates based on calendar year. Cold Weather Payments (CWP) above relate to payments made in the period Jan- Mar 2018. There were no CWP in the 2018-19 financial year.

### 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	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
Total	110,698,472	824,606	82,363	1,436,234	0.7%	0.1%	1.3%	

## Estimates of Social Fund Underpayments for 2018 and 2017

Year 2018	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	114,855,303	237,513	0	811,339	0.2%	0.0%	0.7%
Customer Error	114,855,303	190,136	0	710,343	0.2%	0.0%	0.6%
Total Overpayments	114,855,303	427,649	35,034	1,202,176	0.4%	0.0%	1.0%

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%
Total Overpayments	110,698,472	339,380	0	1,356,496	0.3%	0.0%	1.2%

## Estimates of Social Fund Underpayments due to Official Error 2018 & 2017

### Official Error 2018

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	61,837,073	139,239	0	700,894	0.2%	0.0%	1.1%	BL 2016 Uprated FL/SSMG 2013 Uprated
WFP	51,545,755	80,144	0	191,799	0.2%	0.0%	0.4%	SP Proxy
CWP <sub>(1)</sub>	1,472,475	18,131	0	54,908	1.2%	0.0%	3.7%	JSA Proxy
Total	114,855,303	237,513	0	811,339	0.2%	0.0%	0.7%	

### NOTES:

- The Department measures fraud and error estimates based on calendar year. Cold Weather Payments (CWP) above relate to payments made in the period Jan- Mar 2018. There were no CWP in the 2018-19 financial year.

### 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	58,098,505	130,826	0	658,791	0.2%	0.0%	1.1%	BL 2016 Uprated FL/SSMG 2013 Uprated
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
Total	110,698,472	178,113	0	716,977	0.2%	0.0%	0.6%	

## Estimates of Social Fund Underpayments due to Customer Error 2018 & 2017

### Customer Error 2018

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
<b>Social Fund</b>	61,837,073	94,430	27,685	402,375	0.2%	0.0%	0.7%	Combination Proxy
<b>WFP</b>	51,545,755	95,624	0	514,892	0.2%	0.0%	1.0%	SP Proxy
<b>CWP<sup>(1)</sup></b>	1,472,475	82	0	409	0.0%	0.0%	0.0%	JSA Proxy
<b>Total</b>	<b>114,855,303</b>	<b>190,136</b>	<b>0</b>	<b>710,343</b>	<b>0.2%</b>	<b>0.0%</b>	<b>0.6%</b>	

### NOTES:

- The Departments measures fraud and error estimates based on calendar year. Cold Weather Payments (CWP) above relate to payments made in the period Jan- Mar 2018. There were no CWP in the 2018-19 financial year.

### 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
<b>Social Fund</b>	58,098,505	64,390	0	214,234	0.1%	0.0%	0.4%	Combination Proxy
<b>WFP</b>	52,221,442	96,877	0	946,405	0.2%	0.0%	1.8%	SP Proxy
<b>CWP</b>	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>	

Full details of the estimated fraud and error results for the Department for Communities are included in the 2018-19 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 2018 to March 2019 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 2018 as a proportion of the total 2018-19 Social Fund expenditure is detailed in Table 1 below. Estimates for Official Error overpayments for 2017-18 are also shown in Table 1 for comparative purposes.

The estimated level of total underpayments for 2018 as a proportion of the 2018-19 Social Fund expenditure is detailed in Table 2 below. Estimates for Official Error underpayments for 2017-18 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 £	Monetary value of error as a % of expenditure
2018-19	112,158	1,229	1.1%
2017-18	111,495	1,202	1.1%

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

Year	Expenditure £000	Monetary value of Official/ customer Error & Customer Fraud £	Monetary value of error as a % of expenditure
2018-19	112,158	428	0.4%
2017-18	111,495	339	0.3%

# Appendices

# Appendix 1

## **Accounts direction given by the department of finance in accordance with section 146(4) of the social security administration (Northern Ireland)**

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**

# Appendix 1

## 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 2019

	2017/18 £	2018/19 £
<b>Receipts</b>		
Receipts from DfC Vote RfRA	.....	.....
Repayments of funeral payments	.....	.....
Repayments of budgeting loans	.....	.....
Other Receipts	.....	.....
	<b>Total:</b> .....	.....
Less		
<b>Payments</b>		
Maternity expenses	.....	.....
Funeral expenses	.....	.....
Cold weather payments	.....	.....
Budgeting loans	.....	.....
Winter Fuel payments	.....	.....
	<b>Total:</b> .....	.....
Excess of receipts over payments / (Excess of payments over receipts)	.....	.....

## Statement of Balances

	£	£
Opening Balance at 1 April 2018	.....	.....
Plus		
Excess of receipts over payments (Less Excess of payments over receipts)	.....	.....
Closing Balance 31 March 2019	.....	.....

The Notes on pages 24 and 36  
form part of the Account

Accounting Officer: .....

Date: .....



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