

AUDIT COMMITTEE

29 MARCH 2012

OUTCOMES OF COUNTER FRAUD INVESTIGATIONS

Report from: Internal Audit

Author: Alison Russell, Audit Services Manager

Summary

To inform Members of progress in investigating allegations of housing and council tax benefit fraud and other non-benefit fraud. This report covers activity during the first three quarters of 2011/12, ending 31 December 2011.

1. Budget and Policy Framework

- 1.1 Following the Council's decision to establish this committee, it is within the remit of this committee to take decisions regarding accounts and audit issues.

2. Background

- 2.1 Medway Council has had a sanction policy since 2002 (revised in 2006) following changes to the way benefit investigations should be conducted. These changes resulted in a more rigorous investigative standard being adopted which lead to specific outcomes, known as sanctions. Namely, that local authorities should consider the use of one of the following courses of action following a successful investigation:-

- Prosecution
- Issue of a caution
- Issue of an administrative penalty (fine).

3. Outcomes of Investigations

- 3.1 In the first nine months of 2011/2012 financial year, the investigations team has identified £951,000 of fraudulent overpayments, comprising £535,000 Housing and Council Tax Benefit and £416,000 of Department for Work and Pensions (DWP) paid benefits.
- 3.2 In the nine months to 31 December 2011, there were 25 successful prosecutions, 12 Administrative Penalties and 9 Cautions for benefit offences. Of the 25 successful prosecutions, two await sentencing and three have resulted in imprisonment. A further four have resulted in suspended custodial sentences.

All these cases are detailed at Annex A, with the first two quarters presented as reported previously to Audit Committee, and the third quarter reported for the first time.

- 3.3 The following table shows the progress of current cases following a decision to prosecute.

As at 15/02/12	Medway Council's Legal Services	Department for Work and Pensions
Cases put forward for prosecution	19	17
Of which		
• court proceedings commenced	14	1
• preparing court proceedings	1	15
• awaiting acknowledgement or preparation	4	1 (see note below)

Note: these are joint investigations and many of these cases are passed to DWP Prosecution Division (PD) by DWP FIS (Fraud Investigation Service). Consequently, it is FIS that receives communications from PD. Therefore, Medway Council does not hold precise dates to analyse these cases.

4. Risk Management, Financial and Legal implications

- 4.1 There are no risk management, financial or legal implications arising from this report.

5. Recommendations

- 5.1 Members are asked to note progress in investigating benefit fraud in accordance with the approved sanction policy.

Lead officer contact

Name Alison Russell, Audit Services Manager
Telephone: 01634 332355 email: alison.russell@medway.gov.uk

Background papers

Prosecution Policy (revised 2006)

Prosecutions Completed during the 1st Qtr 2011/12 – Benefit Investigations (as previously reported)							
Case ref.	Fraud Type	Fraudulent O/P £	Court	Court sentence and date	Current (as at 7/11/11) HB o'payment o/s £	Est. time to recover HB debt	Comment
10819	LT	£10,269.35	Chatham Magistrates	12 month community rehabilitation order, 150 hours unpaid work and ordered to pay £75 costs.	£11,893.88	11yrs & 23 wks	On 17/08/11 clmt reached an agreement to commence repaying debt at rate of £20pw.
11900	LT	Partner - Linked to case 10819	Chatham Magistrates	12 month community rehabilitation order, 80 hours unpaid work and ordered to pay £75 costs.	See above	See above	See above
10392	LT	£13,924.83	Chatham Magistrates	4mths prison for each of the 4 offences (suspended for 12 mths), 150hrs unpaid work, £300 costs.	£12,161.23	17yrs & 11wks	O/P currently being recovered from ongoing benefit at the prescribed maximum of £13.60pw
11678	WC	£1,386.61	Chatham Magistrates	150hrs community punishment order & £100 costs	£706.74	1yr	O/P currently being recovered from ongoing benefit at the prescribed maximum of £13.60pw
11196	WC	£4,411.40	Chatham Magistrates	12 mth conditional discharge plus £150 costs	£4,066.88	6yrs & 10mths	On 29/07/11 clmt commenced arrangement to repay at rate of £50pcm
Prosecutions Completed during the 2nd Qtr 2011/12 – Benefit Investigations (as previously reported)							
Case ref.	Fraud Type	Fraudulent O/P £	Court	Court sentence and date	Current HB overpayment outstanding £	Est. time to recover HB debt	Comment
1038646 / 11779	LT	£5,000.59	Chatham Magistrates	04/07/2011 2mth Curfew Order No costs	£4,239.95	6yrs	HB O/P being recovered from ongoing benefit at the rate of £13.60pw.
53131 / 9730	LT	£10,291.66	Maidstone Crown Court	27/09/2011 3yr Conditional Discharge No costs	£7,996.34	?	21/06/10 DWP declined to make an attachment. 05/08/11 Debt returned by Bailiffs as unable to trace.

11443 / 11443	QB9	£0.00 (linked to 11365 employer prosecution)	Chatham Magistrates	01/08/2011 £400 fine £100 costs £15 Victim Surcharge	N/A	N/A	N/A
1036470 / 11687	CofC	£2,909.95	Chatham Magistrates	16/08/2011 12mth Community Order of 50hrs unpaid work £250 costs	£2,881.61	?	On 07/11/11 clmt contacted ref Bailiffs Notice & advised to contact Bailiffs ref making an arrangement.
70757 / 10470	LT	£29,670.32	Chatham Magistrates	02/09/2011 5mth Custodial sentence	£23,349.08	33yrs 1 wk	HB O/P being recovered from ongoing benefit at the rate of £13.60pw.
11570 / 10470	LT	Linked to 70757 / 10470 (ptnr)	Chatham Magistrates	02/09/2011 8mth Custodial sentence	See above	N/A	N/A
68348 / 10645	LT	£31,869.50	Chatham Magistrates	14/10/2011 8mth custodial suspended for 18mths with 18mth supervision order + 150hrs unpaid work. No costs	£27,511.73	?	Final notice sent 25/10/11.
PH920 / 11166	WC	£8,538.98	Chatham Magistrates	15/09/2011 18mths Community Order with supervision required. No costs	£9,082.46	34yrs 49 wks	O/P agreement of £5pw wef 24/10/11, to be reviewed after 4 mths.
1016591 / 11955	LT	£26,284.99	Chatham Magistrates	19/09/2011 180 day imprisonment (suspended) + 6 sessions with a Womens Group £100 costs	£23,870	45yrs	HB O/P being recovered from ongoing benefit at the rate of £10.20pw.
SM63 / 11058	WC	£12,702.87	Chatham Magistrates	19/09/2011 10mth imprisonment No costs	£8,648.26	12yrs 12wks	HB O/P being recovered from ongoing benefit at the rate of £13.60pw.
1040438 / 11465	LT	£8,749.64	Chatham Magistrates	12/09/2011 100hrs community work	£7,640.40	?	Final notice sent 24/10/11.

				order £150 costs			
1056940 / 11986	LT	£7,792.31	Chatham Magistrates	26/09/2011 2yr Conditional discharge £100 costs	£3,619.35	?	Final notice sent 20/09/11.
Prosecutions Completed during the 3rd Qtr 2011/12 – Benefit Investigations ((O/P recovery details as at 15/2/12)							
Case ref.	Fraud Type	Fraud O/P £	Court	Court sentence and date	Current HB O/P O/S £	Est. time to rec HB debt	Comment
84864 / 10810	False Claim	£3,000	Chatham Mags	12 mths conditional discharge, £125 costs	2,471.28	214wks	HB O/P being rec. from ongoing @ £11.54pw (benefit ref 1042692)
1030125 / 11395	LT	£21,600.55	Chatham Mags	200 hrs community service, £100 costs	18,600	15 ½ yrs	HB O/P being repaid at £100pm & reviewed annually.
43512 / 11321	WC	£41,034.28	Chatham Mags	180 day prison sentence, suspended for 2 years. Costs £100. Await FIU investigation re assets.	32,931.39	46yrs 30wks	HB O/P being rec. from ongoing benefit @ £13.60pw
88919 / 10814	Cap	£7,226.71	Chatham Mags	Conditional discharge 24mths, costs £300.	6,405.08	26yrs 9mths	HB O/P being repaid at £20pm.
1018535 11114	LT	£20,550.84	Chatham Mags	12 month Community Order with 150 hrs unpaid work. No costs.	17,767.41	?	Unable to trace to commence recovery process
1036770 / 11246	False Tenancy	£6,596.59	Chatham Mags	6 mth curfew, 6 mth community order, £200 costs	£7,003.27	?	13/09/11 debt passed to Bailiffs
1039252 / 11363	Income	£6,197.13	Chatham Mags	Await sentence	£10,200	8 ½ yrs	HB O/P being repaid at £100pm
104861 / 11018	False Tenancy	£3,514.50	Chatham Mags	Await sentence	£3,514.50	?	01/11/11 O/P expenditure form sent to clmt but not returned.

Cautions or Administrative Penalty Issued in Quarter 3				
Case Number	Fraud Type	Overpayment £	Adpen £	Comment
74939 / 12112	Capital	£1,814.66	N/A	Claimant cautioned.
1054923 / 12441	WC	£4,953.96	N/A	Claimant cautioned.
1034337 / 11927	ND	£1,417.04	69.10	Adpen issued to clmt.
1032606 / 12090	Capital	£536.85	226.96	Adpen issued to clmt.
1041984 / 11974	WC	£115.42	171.03	Adpen issued to clmt.
1006429 / 12099	Capital	£4,278.92	150.68	Adpen issued to clmt.
1033938 / 12217	WC	£2,766.35	287.13	Adpen issued to clmt.

Key: -

Clmt Claimant

LT Living together as husband & wife

WC Working & claiming

ND Non Dependent

CofC Failure to report a change in circumstances

QB9 Employer prosecuted for failing to supply information requested under Social Security Legislation.