

AUDIT COMMITTEE

25 JUNE 2009

OUTCOMES OF HOUSING BENEFIT COUNTER FRAUD INVESTIGATIONS

Report from: Internal Audit

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Summary

To inform Members of progress in investigating allegations of housing and council tax benefit fraud. This report covers activity during the quarter ending 31 March 2009.

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 2008/09 financial year, the investigations team has identified £581,521 of fraudulent overpayments of Housing and Council Tax Benefit and £107,952 of DWP paid benefits. Since the last report to this committee, there have been 13 successful prosecutions, 1 unsuccessful prosecution, 5 cautions were issued and there were no administrative penalties. These sanctions are detailed at Annex A.

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

As at 31 May 2009	Medway Council's Legal Services	Department for Work and Pensions
Cases put forward for prosecution	23	19
Of which		
• court proceedings commenced	12	3
• preparing court proceedings of which	5	16
○ waiting for < 1 month		6
○ waiting for 1-2 months	1	1
○ waiting for 3-4 months	2	2
○ waiting for 5-6 months		7
○ over 6 months	2	
• awaiting acknowledgement of which	6	0
○ waiting for < 1 month	4	
○ waiting for 1-2 months	2	
○ waiting for 3-4 months		
○ waiting for 5-6 months		
○ over 6 months		

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.

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Background papers

Prosecution Policy (revised 2006)

Prosecutions completed							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
8927	Non declaration of partner's earnings	4,845	Magistrates Court	12 months Community Supervision Order, 10 days education & employment training + £150 costs 29/01/09	3,129	2,655	The defence advocate tried to persuade the court that his client could not do community service because he was unable to work. The bench dismissed this argument stating "You have blatantly cheated the benefits system and we are not happy with a fine. We believe you must do some work for the money and we are asking for a pre sentence report for a community penalty".
9086	Living together	10,985	Magistrates Court	Fine £450 + £150 costs 13/03/09	9,304	9,184	
9439	Living together and non declaration of partner's earnings	23,442 + 26,114 (DWP)	Magistrates Court	90 days custody suspended for 2 years, 150 hrs CPO, 20 hrs skills training	21,355	21,349	The magistrates stated that it was a very serious offence and suitable for a prison sentence.

Prosecutions completed							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
				05/02/09			They stated it was a large overpayment over a long period. Claimant's circumstances prevented a prison term (she has three children).
9605	Non declaration of capital and income	3,240 (council tax) + 21,083 (DWP)	Crown Court	200 hours community punishment order 05/02/09		Council tax account shows o/s balance of £4,296	The judge stated that it was serious enough for a prison term, but as the defendant had pleaded guilty, had health problems, a young child and was repaying the overpayments, he felt that a community punishment order would be the best course of action.
9650	Living together and non declaration of partner's earnings	5,000 (DWP)	Magistrates Court	2 year conditional discharge + £100 costs 29/01/09	Nil	Nil	
9684	Working and claiming	2,038	Magistrates Court	£175 fine + £215 costs 05/03/09	1,175	1,025	

Prosecutions completed							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
9784	Living together	2,558 (council tax) + 34,436 (DWP)	Crown Court	12 months custody suspended for 12 months, 80 hours community punishment order, 20 hours education & training. 03/02/09		Council tax account shows o/s balance of £2,376	Partner also prosecuted (see case 10284 below).
10284	Knowingly allowing a false claim	Nil	Crown Court	12 months custody suspended for 12 months, 100 hours community punishment order. 03/02/09	Nil	Nil	Claimant's partner prosecuted.
9846	Non declaration of capital	6,363	Magistrates Court	12 month conditional discharge + £150 costs 26/02/09	5,125	4,957	
10108	Non declaration of income	5,613 (council tax) + 13,919 (DWP)	Magistrates Court	24 month conditional discharge + £75 costs 12/02/09		Council tax account shows an o/s balance of £304	Partner also prosecuted, see case 10282 below
10282	Knowingly allowing a false claim	Nil	Magistrates Court	24 month conditional discharge + £75 costs 12/02/09	Nil	Nil	

Prosecutions completed							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
10172	Working and claiming	1,418 + 1,411 (DWP)	Magistrates Court	12 month conditional discharge + £150 costs 23/03/09	2,018	2,018	No offer of repayment. Debt has been passed to external firm for collection.
10185	Non declaration of capital	24,342	Magistrates Court	36 month conditional discharge 22/01/09	Nil	Nil	

Unsuccessful Prosecutions	
Investigation Case number	Comment
9284	Investigation completed in 2006 and court activity commenced in 2007 but no further substantial action occurred since. In view of time taken, case withdrawn.

Cautions or Administrative Penalty Issued			
Case Number	Fraud Type	Overpayment £	Comment
10191	Non declaration of capital	936	Claimant cautioned.
10416	Non declaration of partner's earnings	1730	Claimant cautioned. Partner also cautioned (case 10517)
10517	Knowingly allowing a false claim	Nil	Partner cautioned
10538	Non declaration of partner's earnings	346	Claimant cautioned. Partner also cautioned (case 10374)
10374	Knowingly allowing a false claim	Nil	Partner cautioned