

AUDIT COMMITTEE

24 SEPTEMBER 2009

OUTCOMES OF HOUSING BENEFIT COUNTER FRAUD INVESTIGATIONS

Report from: Internal Audit

Author: Richard Humphrey, Audit Services Manager

Summary

To inform Members of progress in investigating allegations of housing and council tax benefit fraud. This report covers activity during the quarter ending 30 June 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 this financial year, the investigations team has identified £97,643 of fraudulent overpayments of Housing and Council Tax Benefit and £245,375 of DWP paid benefits. In this quarter there have been 6 successful prosecutions, no unsuccessful prosecutions, 7 cautions and 5 administrative penalties issued. 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 August 2009	Medway Council's Legal Services	Department for Work and Pensions
Cases put forward for prosecution	26	13
Of which		
• court proceedings commenced	12	4
• preparing court proceedings of which	9	0
○ waiting for < 1 month	1	
○ waiting for 1-2 months	7	
○ waiting for 3-4 months	0	
○ waiting for 5-6 months	1	
○ over 6 months	0	
• awaiting acknowledgement of which	5	9
○ waiting for < 1 month		
○ waiting for 1-2 months	1	
○ waiting for 3-4 months	3	2
○ waiting for 5-6 months	1	1
○ over 6 months	0	6

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 Richard Humphrey
 Job Title Audit Services Manager
 Telephone: 01634 332355 email: richard.humphrey@medway.gov.uk

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
9549	Non disclosure of earnings. Non disclosure of marriage and wife's earnings.	8,143 + DWP 5,402	Magistrates Court	160 days custodial sentence, suspended for two years. A two-month curfew between 8pm and 6am, every day + costs of £200. 30/04/09	8,143	8,143	Made an arrangement for weekly payments but not adhered to. Debt has been passed to external company for collection.
10349	Living together whilst claiming as lone parent	2,884 (CTB)	Magistrates Court	12 Month Community Penalty. Unpaid work 240 hours and 10 days Education and Employment training by Probation Officer + Costs of £75 15/05/09	2,559	2,409	
10105	Living together and non disclosure of partner's earnings.	16,525 + CTB 1,977	Magistrates Court	12 month Community Punishment Order of 300 hours unpaid work. To attend 10 hours education training by probation officer + costs of £75.00. 14/05/09	HB 16,354 CTB 1,977	HB 16,175 CTB 1,977	Partner also prosecuted, see case 10463 below Overpayment is being recovered from current entitlement.

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
10463	Knowingly allowing a false claim.	Nil	Magistrates Court	12 month Community Punishment Order of 300 hours unpaid work + costs of £75.00. 14/05/09			
10307	Non disclosure of earnings.	1,548 + CTB 394	Magistrates Court	2 year conditional discharge + costs of £100. 18/06/09	HB 1,5484 CTB NIL	HB 1,548	There has been no offer of payment and claimant has an additional overpayment of £494.97 for the period 02.10.07 – 09.12.07 which is being pursued.
9991	Non disclosure of marriage and husband's earnings.	4,079 + CTB 1,025	Magistrates Court	2 year conditional discharge + costs of £150 18/06/09	HB 4,079 CTB 1,025	HB 1,078 CTB 1,025	Attempting to recover from DWP paid benefits.

Cautions or Administrative Penalty Issued			
Case Number	Fraud Type	Overpayment £	Comment
9947	Non disclosure of income	1587	Claimant cautioned.
10414	Non disclosure of capital	142	Claimant cautioned.
10573	Knowingly allowing a false claim	Nil	Claimant cautioned.
9962	Failed to notify starting employment	7,511	Claimant cautioned. Medical evidence suggested that it was not in the public interest to prosecute.
10464	False representation	952	Claimant cautioned.
10493	Non disclosure of earnings	549	Claimant cautioned.
10528	Non disclosure of reduction in dependants	8,378	Claimant cautioned. Medical evidence suggested that it was not in the public interest to prosecute.
10437	Non disclosure of increase in non-dependants	90	Administrative Penalty Issued
10398	Non disclosure of earnings and partner's earnings	504	Administrative Penalty Issued. Partner also sanctioned – see case 10563 below
10563	Knowingly allowing a false claim	Nil	Administrative Penalty Issued
10492	Non disclosure of earnings	504	Administrative Penalty Issued
10520	Non disclosure of earnings	256	Administrative Penalty Issued