

AUDIT COMMITTEE

10 JULY 2012

OUTCOMES OF 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 and other non-benefit fraud. This report covers activity during 2011/12, ending 31 March 2012.

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 The total value of fraudulent overpayments identified by the investigations team in 2011/12 financial year, the investigations team has identified £1.47m of fraudulent overpayments, comprising £804k Housing and Council Tax Benefit and £663K of Department for Work and Pensions (DWP) paid benefits.
- 3.2 In the 2011/12 financial year there were 33 successful prosecutions for benefit offences and these cases are detailed at Annex A. There were also 17 Administrative Penalties and 14 Cautions.
- 3.3 The following table shows the progress of current cases following a decision to prosecute.

As at 27/06/12:	Medway Council's Legal Services	Department for Work and Pensions
Cases put forward for prosecution	16	22
Of which		
• court proceedings commenced	9	10
• preparing court proceedings	7	(see note below)
• awaiting acknowledgement or preparation	0	(see note below)

Note: these are joint investigations and many of these cases are passed to DWP for prosecution via the Crown Prosecution Service (CPS). Consequently, it is DWP that receives communications from CPS. 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.

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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.

[illegible]

Prosecutions Completed during the 4th Qtr 2011/12 – Benefit Investigations (O/P recovery details as at 27/06/12)							
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
1047384 / 11990	W/C	£77.93	Chatham Magistrates	Pleaded Guilty. 12 month community order with 60 hrs unpaid work. £150 costs.	NIL	?	Recovered in full from ongoing benefit.
1034703 / 12013	LT	£2,508.53	Chatham Magistrates	Pleaded Guilty. 12 month conditional discharge. £100 costs.	NIL	?	CTB only OP, recovered from ongoing ctax liability.
1035492 / 11583	LT	£12,112.00	Chatham Magistrates	Found Guilty. 60 hrs community punishment. £300 costs.	£9,657.29	10 ½ yrs	Recovered from ongoing benefit at £17.75 pw
1047820 / 11281	LT	£5,423.39	Chatham Magistrates	Pleaded Guilty. 12 month supervision order with five days attendance for employment, training and education. £200 costs.	£3,225.80	?	Debt passed to bailiffs 13/12/11
JU4 / 11949	Non Dep	£3,203.51	Chatham Magistrates	Pleaded Guilty. £200 costs, £200 fine £15 victim surcharge cost.	£2,650.00	?	Debt passed to bailiffs 01/05/12
1042793 / 11394	LT	£25,206.71	Chatham Magistrates	Pleaded Guilty. Ten months prison, suspended for 18 months. 100hrs community punishment.	£8,359.39	9 yrs	Recovered from ongoing benefit at £17.75 pw
1054725 / 12065	LT	£8,462.71	Chatham Magistrates	Pleaded Guilty. 42 days prison. No costs.	£5,996.91	?	Debt passed to bailiffs 05/01/12
1002885 / 12152	LT	£33,235.26	Chatham Magistrates	Pleaded Guilty. Four months prison, suspended.	£28,921.73	?	Debt passed to bailiffs 08/03/12

Cautions or Administrative Penalty Issued in Quarter 4				
Case Number	Fraud Type	Overpayment £	Adpen £	Comment
1057519 / 12287	False Document	NIL	N/A	Cautioned
1056666 / 11845	CofC	£462.80	N/A	Cautioned
1035165 / 10340	LT	£2,258.89	N/A	Cautioned
1041955 / 12111	Cap	£359.22	N/A	Cautioned
1053560 / 11991	WC	£910.00	N/A	Cautioned
77859 / 12380	CofC	£2,466.65	£739.98	Adpen accepted
50021 / 12271	CofC	£993.32	£297.99	Adpen accepted
1036491 / 12340	LT	£376.80	£113.04	Adpen accepted
WE1761 / 12101	Cap	£18,348.99	£5,504.69	Adpen accepted
86065 / 12044	CofC	£4,860.95	£1,458.26	Adpen accepted

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.