

## **AUDIT COMMITTEE**

**30 JUNE 2010**

### **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 31 March 2010.

#### **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 2009/10 financial year, the investigations team has identified £1,073,365 of fraudulent overpayments, comprising £514,493 Housing and Council Tax Benefit and £558,872 of DWP paid benefits.

3.2 In the quarter to 31 March, there have been 11 successful prosecutions, 1 unsuccessful prosecution and 2 cautions. These sanctions are detailed at Annex A.

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

<b>As at mid April 2010</b>	<b>Medway Council's Legal Services</b>	<b>Department for Work and Pensions</b>
Cases put forward for prosecution	19	14
Of which		
• court proceedings commenced	7	5
• preparing court proceedings of which	10	4
○ waiting for < 1 month	2	
○ waiting for 1-2 months	5	1
○ waiting for 3-4 months	3	3
○ waiting for 5-6 months		
○ over 6 months		
• awaiting acknowledgement of which	2	5
○ waiting for < 1 month	2	1
○ waiting for 1-2 months		3
○ waiting for 3-4 months		
○ waiting for 5-6 months		
○ over 6 months		1

#### **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
10970	Non declaration of increased earnings	HB 3,896 CTB 759	Magistrates' Court	Conditional discharge + £150 costs  11/01/2010	3,837	3,677	Monthly arrangement to repay from February. CTB overpayment added to current year's council tax bill.
10490	Non declaration of earnings	HB 1,796 CTB 434 DWP 1,678	Magistrates' Court	150 hours community service + £150 costs  18/01/2010	1,468	1,425	Weekly arrangement to repay from 13/04/10. CTB overpayment added to current year's council tax bill.
10289	Living together	HB 8,288 CTB 1,459	Magistrates' Court	2 year conditional discharge + £150 costs  28/10/2010	8,288	7,980	Monthly arrangement to repay from February. CTB overpayment added to current year's council tax bill.
10413	Living together	HB 2,305 CTB 298 DWP 1,225	Magistrates' Court	12 month Community Order: 60 hours unpaid work. 10 days Education Employment training  01/02/2010	2,215	2,060	Overpayment is being recovered from current benefit at the maximum rate.  CTB overpayment added to current year's council tax bill.

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
11021	Employer obstruction of an investigation	Nil	Magistrates' Court	£100 fine + £75 costs 15/02/2010	Nil	Nil	Employer prosecuted
10371	Living together	HB 8,965 CTB 1,133 DWP 3,758	Magistrates' Court	12months suspended, 100hrs unpaid work, 10 day educational training + £75 costs 25/02/2010	8,507	8,494	Partner also prosecuted – see case 10625. Invoice raised & repayment arrangement sought. CTB overpayment added to current year's council tax bill.
10625	Failing to notify a change of circumstances	Nil	Magistrates' Court	12months suspended, 100 hrs unpaid work + £75 costs 25/02/2010	Nil	Nil	
10417	Living together	HB 18,168 CTB 2,353 DWP 19,345	Magistrates' Court	150 hours community service & 10 days educational training + £150 costs 16/03/2010	17,947	17,887	Partner also prosecuted – see case 10570 below. Overpayment is being recovered from current benefit at less than the maximum rate due to hardship. CTB overpayment added to current year's council tax bill.

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
10570	Knowingly allowing	Nil	Magistrates' Court	150 hours community service & 10 days educational training + £150 costs  16/03/2010	Nil	Nil	
10193	Living together	HB 17,010 CTB 2,417 DWP 10,602	Magistrates' Court	250 hours community service + £150 costs  25/03/2010	16,714	16,614	Overpayment is being recovered from current benefit. CTB overpayment added to current year's council tax bill.
10501	Living together	HB 3,598 CTB 673 DWP 2,277	Magistrates' Court	18 month conditional discharge + £150 costs  29/03/2010	3,3450	3,345	Partner cautioned – see case 10780 below. Overpayment was being recovered from benefit but it ceased. Invoice raised & repayment arrangement sought. CTB overpayment added to current year's council tax bill.

<b>Unsuccessful Prosecutions</b>	
<b>Investigation Case number</b>	<b>Comment</b>
10176	Court summons issued in October 2009 and court proceedings began in November. Proceedings were withdrawn when the defendant was taken seriously ill.

<b>Cautions or Administrative Penalty Issued</b>			
<b>Case Number</b>	<b>Fraud Type</b>	<b>Overpayment £</b>	<b>Comment</b>
10651	Living together	HB 597 CTB 106 DWP 134	Claimant cautioned
10780	Living together	Nil	Partner in living together case cautioned.