

AUDIT COMMITTEE

29 MARCH 2011

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 the quarter 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 2010/11 financial year, the investigations team has identified £452,667 of fraudulent overpayments, comprising £319,281 Housing and Council Tax Benefit and £133,386 of Department for Work and Pensions (DWP) paid benefits.
- 3.2 In the quarter to 31 December, there have been 9 successful prosecutions, 3 unsuccessful prosecutions, 5 cautions and 2 administrative penalties for

benefit fraud. In addition, there were 3 successful prosecutions for non-benefit offences. These cases are detailed at Annex A.

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

As at 22 February 2011	Medway Council's Legal Services	Department for Work and Pensions
Cases put forward for prosecution	14	12
Of which		
• court proceedings commenced	14	6
• preparing court proceedings	0	0
• awaiting acknowledgement or preparation	0	6 (see note below)

Note: these are joint investigations and many of these cases are passed to SOLP (legal) by DWP investigation branch. Consequently, it is the DWP investigation branch that receives communications from SOLP. 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 Benefit Cases							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
10389	Non disclosure of partner and partner's earnings	HB 20,481 CTB 2,645 DWP 15,860	Crown Court	26 weeks custodial, suspended for 12 months. 150 hours community service. 3 month curfew between 20.00 hours and 06.00 hours. 06/10/2010	20,593	19,924	Overpayment is being recovered from current benefit claim.
10883	Working and claiming	HB 1,071 DWP 1,016	Magistrates' Court	40 hours community service + £200 costs 01/11/2010	1,962	1,774	Overpayment is being recovered from current benefit claim.
10593	Non disclosure of partner	HB 9,150 CTB 1,868 DWP 5,201	Magistrates' Court	12 month conditional discharge + £200 costs 01/11/2010	9,012	9,064 £369 non fraud overpayment has been added to the total due since the court case.	Overpayment is being recovered from current benefit claim.
10933	Working and claiming	HB 947 CTB 1,029 DWP 2,751	Magistrates' Court	24 month conditional discharge + £85 costs 22/11/2010	479	479	Overpayment was being recovered from current benefit claim but current claim has now been suspended awaiting further information.

Prosecutions completed Benefit Cases							
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Overpayment o/s as at court sentencing date £	Current Overpayment outstanding £	Comment
10423	Working and claiming	CTB 2,024 DWP 15,993	Crown Court	250 hours community service 18/10/2010	See comment	See comment	Current council tax outstanding balance is £2,682.
10942	Non disclosure of non-dependent living at property	HB 158 CTB 25	Magistrates' Court	12 month conditional discharge + £60 costs 22/11/2010	Nil	Nil	Claimant offered administrative penalty but did not attend interview. Prosecution action taken. Payment received 06.05.10
11060	Failure to disclose increased earnings	HB 2,267	Magistrates' Court	24 month conditional discharge + £300 costs 13/12/2010	2,238	2,138	Repaying by standing order.
10954	Non disclosure of state and private pension	HB 8,913 CTB 2,528	Magistrates' Court	24 month conditional discharge + £200 costs 13/12/2010	8,638	8,560	Monthly recovery taking place.
10882	Working and claiming	CTB 453 DWP 2,506	Magistrates' Court	100 hours community service + £50 costs 17/12/2010	Nil	Nil	

Prosecutions completed Non Benefit cases					
Investigation case number	Fraud Type	Fraudulent overpayment £	Court	Court sentence and date	Comment
11232	<p>The tenant made an application under the Right To Buy (RTB) scheme to purchase her council property. Her son, who was living at the property, was included in the application.</p> <p>An investigation found that the tenant was not living at the council property. She was living with another person at a different address who was claiming a council tax single person discount.</p> <p>The council property (the subject of the RTB application) was occupied by the applicant's son and another family.</p>	This was an attempt to obtain a £38,000 benefit by submitting a false RTB application.	Magistrates' Court	<p>Fine £200, Costs £200 & £15 victim surcharge</p> <p>15/11/2010</p>	<p>Applicant prosecuted.</p> <p>Applicant's son prosecuted (see case 11446).</p> <p>Applicants partner prosecuted for council tax evasion (see case 11447).</p>
11446		This was an attempt to obtain a £38,000 benefit by submitting a false RTB application.	Magistrates' Court	<p>Fine £400, Costs £200 & £15 victim surcharge</p> <p>15/11/2010</p>	
11447	False claim for Council tax single person discount	£939 (repaid in full before court hearing)	Magistrates' Court	<p>Fine £300, Costs £200 & £15 victim surcharge</p> <p>15/11/2010</p>	

Unsuccessful Prosecutions	
Investigation Case number	Comment
10348	Summons issued but due to defendant's poor health, the case has been withdrawn.
10733	No summons was issued due to the claimant's poor health.
10984	Following interview under caution interview, the decision was made to offer an administrative penalty. Claimant did not respond to correspondence requesting attendance at administrative penalty interview. The case was then put forward for prosecution but claimant changed accommodation address and employer. No trace of claimant in the area and after a number of attempts to locate the claimant, the prosecution case has been withdrawn.

Cautions or Administrative Penalty Issued			
Case Number	Fraud Type	Overpayment £	Comment
10833	False liability for rent	67	Claimant cautioned.
11187	Failed to notify a change in income	1,062	Claimant cautioned.
11558	Working and claiming	478	Claimant cautioned.
10971	Failed to notify a change in income	1,325	Claimant cautioned.
10885	Working and claiming	8,145 (+ 7,403 DWP paid benefits)	This was a DWP led investigation. Their legal branch decided that the claimant was unfit to stand trial and therefore recommended a caution be issued. Claimant cautioned
11162	Not living at property for which benefit paid	1,151	Administrative penalty issued to claimant.
11033	Undeclared capital	577	Administrative penalty issued to claimant.