

AUDIT COMMITTEE

24 NOVEMBER 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 30 September 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 first 6 months of 2011/12 financial year, the investigations team has identified £646,000 of fraudulent overpayments, comprising £352,000 Housing and Council Tax Benefit and £294,000 of Department for Work and Pensions (DWP) paid benefits.
- 3.2 In the 6 months to 30 September 2011, there were 17 successful prosecutions, 7 Administrative Penalties and 7 Cautions for 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 07/11/11	Medway Council's Legal Services	Department for Work and Pensions
Cases put forward for prosecution	18	9
Of which		
• court proceedings commenced	13	2
• preparing court proceedings	1	4
• awaiting acknowledgement or preparation	4	3
		(see note below)

Note: these are joint investigations and many of these cases are passed to DWP Prosecution Division (PD) by DWP FIS (Fraud Investigation Service). Consequently, it is FIS that receives communications from PD. 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 1 st Qtr 2011/12 – Benefit Investigations							
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 2 nd Qtr 2011/12 – Benefit Investigations							
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	£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	£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	N/A	N/A	N/A
1036470 / 11687	CofC	£2,909.95	Chatham Magistrates	16/08/2011	£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	£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	See above	N/A	N/A
68348 / 10645	LT	£31,869.50	Chatham Magistrates	14/10/2011	£27,511.73	?	Final notice sent 25/10/11.
PH920 / 11166	WC	£8,538.98	Chatham Magistrates	15/09/2011	£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	£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	£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	£7,640.40	?	Final notice sent 24/10/11.
1056940 / 11986	LT	£7,792.31	Chatham Magistrates	26/09/2011	£3,619.35	?	Final notice sent 20/09/11.

Key: -

Clmt Claimant

LT Living together as husband & wife

WC Working & claiming

Cautions or Administrative Penalty Issued First 6 months of 2011/12				
Case Number	Fraud Type	Overpayment £	Adpen £	Comment
11653	Failure to declare vacated claim address	£1,105.00	N/A	Claimant cautioned.
11662	Failure to declare vacated claim address	£2,686.08	N/A	Claimant cautioned.
10846	Working and claiming	£449.45	N/A	Claimant cautioned.
11865	Living Together	£2,247.59 Medway £1,589.12 DWP	N/A	Claimant cautioned.
10658	Failure to declare capital	£298.97 Medway £3,179.78 DWP	£89.68 £953.93	Administrative penalty issued to claimant.
11415	Failure to declare capital	£697.04	£209.11	Administrative penalty issued to claimant.
10530	Change of Circumstances	£976.29	N/A	Claimant cautioned.
10856	Living together	£395.90	N/A	Claimant cautioned.
12088	Change of circumstances	£22.56	N/A	Claimant cautioned.
12365	Change of circumstances (Second Adult Rebate claim)	£230.36	£69.10	Administrative penalty issued to claimant.
11783	Change of circumstances	£756.58	£226.96	Administrative penalty issued to claimant.
12089	Failure to declare capital	£570.11	£171.03	Administrative penalty issued to claimant.
11264	Living together	£505.29	£150.68	Administrative penalty issued to claimant.
10800	Working and claiming	£957.14	£287.13	Administrative penalty issued to claimant.