

**FRAUD SECTION MONITORING REPORT: THIRD QUARTER 2008/09**

**LEAD OFFICER:** Julie Crellin, Head of Finance & Management Information Systems

**AUTHOR:** Marilyn Robinson, Audit & Fraud Prevention Manager

**1.0 FRAUD WORK IN THE THIRD QUARTER 2008/09**

**1.1 Caseload investigated 1<sup>st</sup> Oct to 31<sup>st</sup> Dec 08**

Number of cases referred:	84
Number of cases accepted for investigation:	71
Number of cases closed (after investigation)	55
Number of cases summonsed for prosecution:	0
Number of successful prosecutions:	1
Number of prosecutions found "Not guilty":	0
Number of prosecutions rejected:	0
Number of Administrative Penalties (fines) given:	0
Number of Cautions given:	3

**2.0 PROGRESS AGAINST TARGETS**

2.1 The Department of Works and Pensions (DWP) have not set targets for this financial year but our results are still recorded and reported to them. To record ongoing progress we set our own targets based on the Benefits live caseload and the previous statutory targets. To enable comparisons with other Local Authorities, the figures are set per 1000 caseload. In 2008/09, the annual target for the number of investigations carried out is 41.2 per 1000 caseload. Based on the average Benefits caseload, for the first 3 quarters, of 6,657, this is a target of 274 investigations for the year, i.e. 69 per quarter. The benefit caseload is now slightly higher than it was in previous quarters of this year.

2.2 Based on the average caseload, we need to achieve an annual target of 27 sanctions (Prosecutions, Admin Penalties or Cautions), i.e. 7 per quarter.

**AUDIT COMMITTEE 04 02 09  
ITEM**

- 2.3 There is no set target for the number of investigators. We have 3 fraud investigation officers, including the team leader. This is in line with the number at similar-sized District Councils.
- 2.4 For the third quarter 1<sup>st</sup> October to 31<sup>st</sup> December 2008 we have achieved:

	<u>Quarterly</u>		<u>Year to date</u>	
	<u>Target</u>	<u>Actual</u>	<u>Target</u>	<u>Actual</u>
No of investigations closed	69	55	274	183
No of sanctions –	7	4*	21	29**

[\* 3 Cautions and 1 Prosecution – Quarter 3]

[\*\* 7 Admin Penalties, 14 Cautions and 8 Prosecutions – End of third quarter]

- 2.5 The number of investigations closed has been revised in line with the current DWP definition of “investigation”. This means that, up to the end of the third quarter, the number of investigations is slightly below target. One of the main factors of this was the transfer of referrals from the Housing Benefits Matching Service (HBMS), due to security problems with data transfers. This has now been resolved and the number of referrals should improve. However the data match for December has not yet been sifted and work on this will commence in January 2009.
- 2.6 As a result of their investigations in the third quarter, the fraud team have identified benefits overpayments of £8,281.93. For the period from April to December overpayments arising from identified fraud total £67,253.36. The Revenues and Benefits Recovery team will pursue recovery of these overpayments. We also had 3 benefit claims cancelled by the claimant in this quarter, after the investigation was conducted but a sanction was not applied for varying reasons. The financial implications in these cases cannot be judged.
- 2.7 An Administrative Penalty was offered in this quarter but cannot be recorded as there is an appeal period following this. It will be recorded in the next quarter should the customer not withdraw from the agreement. This income will be reinvested in fraud investigation activities but will not be recovered until all the benefit overpayment has been repaid.

### **3.0 STAFFING ISSUES**

- 3.1 This section is fully staffed with a Team Leader, 2 investigators and an Admin Support Officer.
- 3.2 Prosecutions are now being handled by our Legal Section and Solicitors Branch of the Department of Works and Pensions.

### **4.0 CURRENT FRAUD WORK**

- 4.1 As at 31/12/08, the Fraud Section had a caseload of 115 live investigations.
- 4.2 The National Fraud Initiative exercise 2008/2009 started in October. The data match took place on the 6<sup>th</sup> October and, this year, will include licence holders for taxis and licensed premises. The results from the data match will be assessed, when these are made available in February 2009.

### **5.0 CONCLUSION AND RECOMMENDATION**

- 5.1 Fraud work is progressing in line with the business plan. Fraud awareness talks have been given to all Copeland Direct staff, Revenues and Benefits assessors, the Recovery Team and Council Tax registration. There was also a fraud awareness session at Millom Council Centre. The Fraud Team Leader is currently working with her counterpart at Allerdale Borough Council and Carlisle City Council with regard to shared services and a business plan was presented to the project leader.
- 5.2 Changes in the Welfare Reform Act have allowed Local Authorities to prosecute national benefit offences from April 2008. It is, therefore, proposed that all fraud investigation staff undertake an overview training programme in the administration of these benefits.
- 5.3 It is recommended that Members note the successful performance against the sanctions targets.