

**AUDIT COMMITTEE 01 11 06**  
**ITEM 5**

**FRAUD SECTION MONITORING REPORT: SECOND QUARTER 2006/07**

**LEAD OFFICER:** Sue Borwick

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**1.0 FRAUD WORK IN THE SECOND QUARTER 2006/07**

**1.1 Caseload investigated 1<sup>st</sup> July to 30<sup>th</sup> September 2006**

Number of cases referred:	81
Number of cases accepted for investigation:	55
Number of cases closed non-proven:	50
Number of cases summonsed for prosecution:	2
Number of successful prosecutions:	4
Number of prosecutions found "Not guilty":	0
Number of prosecutions rejected:	0
Number of Administrative Penalties (fines) given:	4
Number of Cautions given:	4

**2.0 PROGRESS AGAINST TARGETS**

2.1 The DWP set an annual target based on the Benefits live caseload. To enable comparisons with other Local Authorities, these targets are set per 1000 caseload. In 2006/07, the annual target for the number of investigations carried out is 41.2 per 1000 caseload. Based on the second quarter's Benefits caseload of 6,836, this is a target of 282 investigations for the year i.e. 70 per quarter.

2.2 The target for sanctions (successful prosecutions, Administrative Penalties, Cautions) is 4 per 1000 caseload. This means an annual target of 27.3 sanctions i.e. 7 per quarter. These sanctions no longer generate incentive funding as the SAFE (Security against Fraud and Error) scheme has been abolished. However, Local Authorities are still expected to conduct robust investigations and reach these targets for investigations and sanctions.

2.3 We have 3 Fraud Investigation Officers, including the team leader.

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2.4 For the second quarter to 30 September we have achieved: -

	<u>Target</u>	<u>Actual</u>
No. of investigations	70	55
No. of sanctions	7	12

Cumulatively the position is:

	<u>Half year</u> <u>Target</u>	<u>Actual</u>	<u>Full year</u> <u>Target</u>
No. of investigations	141	118	282
No. of sanctions	14	13	28

- 2.5 The number of fraud visits is reported with the Interventions figures by Karen Corby, the Revenues and Benefits Manager. This Best Value Performance Indicator (BVPI) will not meet the target, as the Fraud section's policy is to invite claimants in for interview, rather than to do home visits, unless a home visit is necessary to provide evidence of fraud. This is more efficient in terms of staff time, there is less risk re health and safety for staff and we can give better customer care by giving appointments and having access to information on the Benefits system if they have a query. If the claimant is unwilling or unable to come in for interview, a home visit will always be arranged. Unfortunately carrying out interviews at the Council offices does not fall within the definition of "visits" and they cannot be counted towards this BVPI. Interventions (home visits to check claim details by Benefits visiting officers) are also below target, so the number of fraud visits are a contributory factor in not meeting this PI but do not account for the entire performance in this area.
- 2.6 The 2 investigators have gained more experience, particularly with joint working.
- 2.7 The prosecution cases from the last quarter of 2005/06 have now been presented at Magistrates Court resulting in 4 successful prosecutions.

### 3.0 **STAFFING ISSUES**

- 3.1 The section is now fully staffed with a Team Leader, 2 investigators and an Admin Support Officer. The new Admin Support Officer will be undertaking specialist fraud training, organised by the DWP, which will enable more support to be given to the investigators.
- 3.2 Prosecutions are being handled by our Legal Section.

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**4.0 CURRENT FRAUD WORK**

- 4.1 As at 30/09/06, the Fraud Section had a caseload of 143 live investigations.
- 4.2 The trial run for the National Fraud Initiative 2006/07 was successfully completed during this quarter. This is a national data matching exercise between different organisations' computer systems. It is designed to highlight potential cases for further fraud investigation. The run this year is to include creditors. The live initiative took place in October. Feedback will be received on this in January 2007.
- 4.3 The Sanctions Policy has been reviewed to bring it in line with the Benefit Fraud Inspectorate Best Practice. It will be presented to Full Council for approval, via the OSC Performance and Resources (20/9/06) and the Executive (24/10/06).
- 4.4 The Fraud Awareness presentation has been prepared and is ready to be delivered to Copeland Direct staff. This will include any new benefits staff. It will take place 18.10.06 with a follow up session on false and counterfeit documents.

**5.0 CONCLUSION AND RECOMMENDATION**

- 5.1 Fraud work is progressing in line with the business plan. The number of investigations undertaken and closed are closer to the target than in the first quarter, with 118 cases investigated and closed compared to a half year target of 140. Sanctions are also now more in line with the target for the half year – 13 compared to the target of 14. However, the 3<sup>rd</sup> quarter is unlikely to bring the target number of sanctions, as lead time is needed to bring investigations to prosecution standard. Investigations also need to be to this standard to give a Caution or Admin Penalty as, if they are refused, we have to proceed to considering prosecution. The results of current investigations will probably not be seen until the final quarter.
- 5.2 Members are recommended to note this report.

**Officers Consulted:** Corporate Team