

**FRAUD SECTION MONITORING REPORT: SECOND QUARTER 2009/10**

**LEAD OFFICER:** Julie Crellin, Head of Finance & MIS

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

**1.0 FRAUD WORK IN THE SECOND QUARTER 2009/10**

1.1 The Fraud section receives referrals of suspected fraud from a number of sources: the majority are from the Housing Benefits Matching Service [where a monthly electronic download of our Benefits system is matched against records held by the Department of Work and Pensions (DWP) and any mismatches are sent back for investigation], some are referred by the Council's own Benefits assessors, some from the public [either in writing or via the Fraud Hotline] and some from the National Fraud Initiative [where our Benefits records are matched against national records held].

1.2 The referrals received are assessed and prioritised for investigation, on a rolling basis. The second quarter has, therefore, resulted in sanctions being applied from work started earlier in the year and these have exceeded the quarterly target. A summary of workload for the quarter is shown below.

1.3 **Caseload investigated 1<sup>st</sup> July to 30 September 2009**

Number of cases referred:	72
Number of cases accepted for investigation:	57
Number of cases closed after investigation	92
Number of cases closed non-proven:	8
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:	1
Number of Cautions given:	12

**2.0 PROGRESS AGAINST TARGETS**

- 2.1 The Department of Work 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 2009/10, the annual target for the number of investigations carried out is 41.2 per 1000 caseload. Based on the average Benefits caseload for the half year, of 6853, this is a target of 282 investigations for the year, i.e. 71 per quarter.
- 2.2 Based on the average caseload, we need to achieve an annual target of 28 sanctions (Prosecutions, Admin Penalties or Cautions), i.e. 7 per quarter.
- 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 second quarter 1 July to 30 September we have achieved:-

	<u>Quarter</u>	
	<u>Target</u>	<u>Actual</u>
No of investigations closed	71	100
No of sanctions *	7	14

\* 1 Administrative Penalties, 12 Cautions and 1 Prosecution in the quarter.

- 2.5 The targets were exceeded for this quarter but this could be reflected in a downturn in the figures for the next quarter. There is no way of knowing how long an investigation will take and if, indeed, it will result in a sanction.
- 2.6 As a result of their investigations in the first quarter, the Fraud Team have identified overpayments of housing and council tax benefits of £30,926.18. The Revenues and Benefits Recovery team will pursue recovery of these overpayments. Through joint working with the Department of Work and Pensions, we also identified overpayments in excess of £22,932.31 in relation to benefits administered by them. We also had 9 benefit claims cancelled by the claimants in this quarter after full investigations were conducted, but sanctions were not applied for varying reasons. The financial implications in these cases cannot be judged.

**AUDIT COMMITTEE 04 11 09  
ITEM**

- 2.7 Administrative Penalties amounting to £96.45 were given to fraudulent claimants in the second quarter. This income will be reinvested in fraud investigation activities but will not be recovered until all the benefit overpayment has been repaid.
- 2.8 Changes in the Welfare Reform Act allowed Local Authorities to prosecute national benefit offences from April 2008, for example, where the DWP had decided to take no action. However, this has not been necessary to date.

**3.0 STAFFING ISSUES**

- 3.1 The section is fully staffed with a Team Leader, 2 Investigators and an Admin Support Officer. Prosecutions are handled by our Legal Section or, where there is a joint prosecution with the DWP, by the Solicitors Branch of the DWP. There are currently 3 prosecution cases with our own Legal Section, pending the information being laid at court.

**4.0 CURRENT FRAUD WORK**

- 4.1 As at 30 September 2009, the Fraud team had a caseload of 85 live investigations.
- 4.2 The results from the National Fraud Initiative (NFI) exercise were received at the end of February. The submission of data related to Housing Benefits, Payroll, Creditors, Concessionary Travel Passes (NowCard), Licensing (Liquor and taxis), insurance claimants, Council Tax and the Electoral Register. The results are in the form of data matches, where data held on one system (e.g. the Council's Benefits system) does not match data held on another system (e.g. the DWP's Pensions database). All the sifting has been completed and cases have been prioritised.
- 4.3 There were a total of 1,846 matches returned. These related to:-
- 107 Benefits matches to various data sets
  - 512 Payroll matches (395 over pensionable age)
  - 334 Concessionary Travel Passes (e.g. some passholders were deceased)
  - 156 Creditors matches
  - 10 Payroll to Payroll (i.e. on more than 1 Payroll system)
  - 624 Council Tax Single Person Discount to Electoral Register
  - 103 Council Tax Single Person Discount to "rising 18's"  
(i.e. when the person would have become 18 and the person they were living with would no longer be eligible for Single Person Discount)

Of the above matches, 351 were "Recommended Filter" i.e. high priority matches. 334 of these related to Concessionary Travel passes. All of these have now been checked and 333 passes have been

**AUDIT COMMITTEE 04 11 09  
ITEM**

cancelled. Creditor matches have been checked and satisfactory explanations have been found for all matches.

- 4.4 In total, we have cleared 899 matches and, from this, have 97 live investigations. The NFI exercise is still ongoing. We often require information from other agencies to process these. These cases are not included in the referral figures and only form part of the live caseload of current investigations once we find evidence to suggest it is a fraudulent claim to benefit from the Local Authority. There is 1 identified case of fraud and the case is being prepared for prosecution. The investigation of the Council Tax Single Person Discount matches and the "rising 18's" is well underway and will possibly identify errors within the systems, rather than fraud. This explains the higher number of live investigations currently within the NFI exercise.
- 4.5 The investigation outcome of all these matches is separately recorded and reported back to the Audit Commission, via the NFI's own website. The purpose of the exercise and background information will be made available on the Council's own website.

**5.0 CONCLUSION AND RECOMMENDATION**

- 5.1 Fraud work is progressing in line with the service plan. The second quarter has resulted in sanctions being applied from work started earlier in the year and these have exceeded the quarterly target. This will contribute towards meeting the annual target, as it is unlikely that as many sanctions will be achieved in the third quarter, with investigations currently in the early stages.
- 5.2 Members are recommended to note this report.

**Officers Consulted:** Corporate Team  
**Background Papers:** None