

Report for Information

Report to Audit Committee
23 November 2010
Report of Audit Manager
Subject Counter Fraud Activity 2009/10

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Purpose

To inform members of the council's counter fraud activity during 2009/10.

Recommendations

Members are asked to note the report.

Financial Consequences

There are no direct financial consequences arising from this report.

Risk Management

The work of the council's fraud team, together with other counter fraud initiatives involving other staff, helps to reduce the risk of fraud against the council.

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priority "One council:

- customer focus – putting customers at the heart of everything we do;
- continuous improvement of our services; and
- cost conscious – efficient and effective service delivery

Contact Officers

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Background Documents

Audit Committee 13 May 2010 – "Fighting fraud – update"

Report

Background

1. The work of the council's fraud team, which previously concentrated solely on investigating benefits fraud, was developed during 2009/10 to address other areas of corporate fraud.
2. This report summarises counter fraud activity in 2009/10 by the fraud team, plus in conjunction with other council staff and staff from other organisations.
3. A separate report on the council's response to the Audit Commission's annual fraud and corruption survey 2009/10 is included elsewhere on today's agenda.

New counter fraud initiatives

4. In September 2009, the council was successful in obtaining a grant to investigate unlawful sub-letting of social housing. The grant was paid in December 2009 and the fraud team has been involved in investigating potential housing offences since this time. As part of this initiative, the team has mentored neighbourhood housing officers (NHO) and housing options staff in what to look for and how to gather information to assist an investigation.
5. In addition to working with council staff, the fraud team leader has been involved in ongoing negotiations with registered social landlords (RSL) to jointly work to combat social housing fraud (initially two associations, but more recently an alliance that covers all the housing associations in Norwich).
6. The council also used a specialist data matching company to data-match 10% of our housing stock to look for indicators of possible sub-letting or single person discount (council tax) offences. This led to the team being involved in investigating offences relating to council tax in addition to benefits and housing.

Liaison and joint-working

7. On a day-by-day basis, the team works in partnership with the fraud section of the Department for Work and Pensions (DWP) on cases where there is a similar interest. This contributes to about a third of the teams successful outcomes on an annual basis.
8. The team also works with other government departments to combat the threat of fraud including; the Police, HM Revenue and Customs, UK Border Agency, Serious and Organised Crime Agency and the Security Industry Authority.

Training

9. One member of the team commenced training on the Proceeds of Crime Act 2002. The investigation and confiscation part of the training is complete and he is now an accredited financial investigator. It is anticipated that we will be able to use the powers in the Act to reclaim assets obtained through the proceeds of criminal activity against the council.

10. All team members are now trained in living together investigations, to enable them to fully understand the requirements of a decision-maker when questioning a customer or alleged partner.
11. The fraud team leader also continued to provide fraud awareness training to all new entrants to the revenues and benefits service.

Performance

12. In terms of benefit investigations, 2009-10 was the most successful year in terms of proven fraud. Proven fraud (for benefit purposes) is measured by the number of sanctions and prosecutions achieved in a year. Sanctions are defined as simple cautions (a warning where an offence has occurred, but is less serious and court is not the first option) or an administrative penalty (similar to a simple caution, but the customer accepts a fine of 30% of the overpaid benefit).
13. In 2009-10 the team achieved 168 sanctions and prosecutions (131 in 2008/09) of which 126 were NCC led cases and 42 were jointly worked with the DWP (85 and 46 respectively in 2008/09). The council works with the local press to publicise successful prosecutions to act as a deterrent.
14. The council also had its first prosecution where a council tax charge was added to the benefit charges.
15. No properties were retrieved in the year as a result of the sub-letting initiative; however the process to recover a property was started before the end of March 2010 by issuing a notice to quit.

National fraud initiative (NFI)

16. The council continues to investigate matches from the 2008 and 2009 data matching exercises carried out under the national fraud initiative run by the Audit Commission.
17. To date, two fraudulent benefits cases have been concluded totalling £5,322; 23 errors identified (either by claimant or council staff) totalling £18,246; and council tax single person discount totalling £40,745 has been withdrawn.

Conclusion

18. The council's counter fraud activity continued to develop in 2009/10 and achieved good results in terms of benefits fraud. The full benefit of counter fraud activity in other areas will only become apparent in 2010/11 and will be reported periodically (see internal audit update report elsewhere on today's agenda) and in the next annual report.

Reference documents

Anti-Fraud and Corruption Strategy

Housing and Council Tax Benefit Anti-Fraud Strategy

Whistleblowing Policy