



Report to: Audit Sub-Committee

Subject: Annual Fraud & Irregularities Report

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1. PURPOSE OF REPORT

To provide a summary report to members of all investigated cases of fraud and irregularities identified during the 2007-08 financial year.

To identify to members the action taken, sanctions imposed and level of recovery achieved in respect of the identified cases of fraud and irregularities.

2. BACKGROUND

Previously, any issues relating to significant fraud and irregularities have been reported to the Audit Sub-Committee on an exception basis, usually case by case.

Historically, where no significant cases have been identified throughout the financial year, no fraud and irregularities report has been submitted to the committee, implying that no such cases have been identified.

This report confirms to Members any cases of significant fraud identified throughout the financial year and also provides a summary statement of all cases identified.

This approach enables the Members to reach a more informed conclusion in fulfilling their specific responsibilities with respect to fraud and irregularities reporting.

3. INTERNAL AUDIT INVESTIGATIONS

There have been no special fraud investigations undertaken by Internal Audit to bring to Members attention, during the 2007-08 financial-year.

4. HOUSING & COUNCIL TAX BENEFIT FRAUD

The Benefit Fraud and Investigation section investigated **256** cases in 2007-08 (384 in 2006-07), of which **36** were sanctioned (32 in 2006-07), and a further **37** irregular claims detected, identifying total overpayments of **£141,499.26** (£123,684.13 in 2006-07).

The reasons for these 36 irregularities were:

Failure to disclose capital	10 cases
Failure to disclose commencement of employment	13 cases
Failure to disclose a private or occupational pension	2 cases
False / undisclosed income	4 cases
Undisclosed partner	3 cases
Failure to declare cessation of a national benefit	3 cases
Failure to disclose vacation of property	1 case

The number of cases where sanctions were applied has increased by 4 cases. The 36 sanctioned cases consist of:

- 11 referred for criminal proceedings and successfully prosecuted,
- 18 were offered and accepted an administrative penalty,
- 7 were offered and accepted a formal caution.

The prosecution policy allows that, in some cases, no action might be taken as the amount was too low, there was insufficient evidence, or prosecution would not be in the public interest.

The most prevailing sources of referrals were again (similar to 2006-07) received from the Housing Benefit Matching Service, with the Housing Benefit Section being the most popular secondary source. Undisclosed partner was the primary fraud typology, followed closely by undeclared work.

Attempts to recover Housing and Council Tax Benefit overpayments are continuously robust. For 2007-08, of the £141,499.26 overpaid, £107,797.93 (£103,608.19 in 2006-07) was attributable to Housing Benefit overpayments of which £43,996.98 (£59,474.78 in 2006-07) has been recovered. There is £63,800.95 currently outstanding (£44,133.41 in 2006-07). Ongoing action is being taken to consistently recover fraudulent Housing and Council Tax Benefit overpayments.

The Benefit Fraud and Investigation Section additionally sifted and actioned:

- 295 Housing Benefit Matching Services referrals over 35 weeks during 2007-08, detecting £24,193.51 in Housing Benefit claimant error (£59,474.78 in 2006-07). In addition, £26,549.12 was detected in Council Tax Benefit claimant error (£65,963.00 in 2006-07). The section again successfully achieved the 8 week clearance target.
- 867 National Fraud Initiative Housing Benefit data matches were sifted by the Benefit Liaison Section between February 2007 and August 2007. Results for the 867 matches were returned to the Audit Commission via the secure website. Five referrals were raised in 2006-07 and 21 raised in 2007-08 (3 were sanctioned in 2007-08, 1 prosecution, 1 administrative penalty and 1 caution. There are 10 cases ongoing.

All referrals received do not necessarily have a detrimental effect on Housing and Council Tax Benefits. 65 were transferred to the department for Work and Pensions due to National Benefits being at risk (124 in 2006-07). Joint working with the Department for Work and Pensions and other agencies is as strong as ever.

The Benefit Liaison Team which consists of 1 Senior Benefit Liaison Officer and 2 Benefit Liaison Officers has continued to be involved in Gedling Borough Council's Area Based Initiatives through the Crime and Disorder Group. A new fraud awareness presentation has been devised and is due to be rolled out between 2008-09.

5. RECOMMENDATION

Members are requested to note the report.