

STRATEGY ON FRAUD FOR HOUSING BENEFIT AND COUNCIL TAX BENEFIT



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WYRE FOREST DISTRICT COUNCIL

STRATEGY ON FRAUD FOR HOUSING BENEFIT AND COUNCIL TAX BENEFIT

1. Introduction

- 1.1 The purpose of this strategy is to ensure that the intentions of the Council's Policy on Fraud for Housing Benefit and Council Tax Benefit are converted into clearly defined actions.

2. Internal Security

- 2.1 The Council is determined that the culture and tone of the organisation is one of honesty and opposed to fraud and corruption and has an approved Strategy for dealing with Theft, Fraud and Corruption.
- 2.2 This strategy seeks to promote an open and honest culture particularly amongst employees involved in the administration of Housing Benefit and Council Tax Benefit.

3. Safeguards Against Fraud and Abuse

- 3.1 The Council has already implemented a number of security features to mitigate against internal fraud within benefit administration. These include:-

- Password security on all systems used (including password maintenance)
- Blanking out computer screens when left on line with password protected screensavers
- Audit trails of work done by section, teams and employees
- Reconciliation of payments between Housing Benefit system and Council Tax systems and the Council's accounting main ledger
- Procedures for monitoring out-of-date cheques
- Documenting Housing and Council Tax Benefits procedures to ensure consistency
- Assessment employees are not allocated a specific caseload
- 10% quality checking to ensure compliance with Benefits Performance Standards
- Accuracy checks
- Internal audit checks
- The System Administrator ensures that:-

(b) All ex-employees have their system access rights deleted

(b) Security access levels for all employees are regularly reviewed. For example Council Tax/Housing Benefit system access levels will be different according to the individual's job requirements, for example some employees will only require viewing rather than update facilities.

3.2 Further Safeguards

The following controls in the Benefits Section to further protect the position of all employees are:-

- All Council employees involved in the administration of benefits and those requiring access to the Benefits computer systems, including any document image processing system will be required to report to the Benefit Manager by the way of a declaration details of any property that they let to tenants and any claims for benefit to which they have some connection. There are procedures and guidance for employees about these requirements.
- 100% quality checking – i.e. The Benefits Manager, Principal Benefits Officer, Senior Benefits Assessors and/or the Principal Fraud Officer may at any time invoke a 100% quality check on the work done by an employee or group of employees in the Benefits Section.
- A procedure manual incorporating all aspects of the Benefits section's work
- At the time of appointment of all employees employed in benefits administration and fraud investigation cognisance will be paid to the guidance issued by the Human Resources Division on the take-up of references from past employers.

4. Confidential Reporting Policy (“Whistle blowing procedures”)

- 4.1 The corporate policy on Theft, Fraud and Corruption places a responsibility on each employee and member to raise any concerns that he/she may have which are associated with Council's activities. All such concerns shall be dealt with in confidence and be properly investigated. Any suspicions can be reported to a line manager in the first instance, or to the Financial Services Manager.
- 4.2 The Council's Benefit fraud investigation team will investigate all allegations of fraud and abuse made under the whistle blowing protocol that fall within their remit.

5. Fraud Hotline

- 5.1 The Council will actively promote its benefit fraud hotline in order to encourage members of the public to report anyone they suspect of committing benefit fraud. The hot-line will be advertised in the local press. The Council is also registered with the Department of Work and Pensions shared fraud hotline for Local Authorities.
- 5.2 Calls received via the hotline will be treated in the strictest confidence and all allegations will be thoroughly investigated.

6. Benefits Fraud Investigation Team

- 6.1 Resources

The Benefits Fraud Investigation Team comprises of one Principal Fraud officer, two Senior Fraud Investigators and one Fraud Assistant.

6.2 Terms of Reference

6.2.1 The Principal Fraud officer is responsible for accepting, prioritising and allocating referrals. All referrals will be assessed for quality of information and prioritised accordingly.

6.2.2 The Senior Fraud Investigators will investigate all allegations of benefit fraud allocated to them. Investigations will be carried out in accordance with the Corporate Strategy for dealing with Theft, Fraud and Corruption.

6.2.3. The Senior Fraud Investigators will ensure compliance at all times with the code of conduct for investigators and appropriate acts and legislation. At the same time they will actively promote anti-discriminatory practices in all their processes.

6.2.4 The Senior Fraud Investigators will collect evidence and present their findings in the form of a report to the Principal Fraud officer. If satisfactory and all available evidence has been obtained, the case will be referred to the Benefits Assessor who will determine whether to award, suspend or end/reduce entitlement, arrange to calculate any overpayment, and decide if the overpayment is recoverable.

6.2.5 The Benefits Assessor will be responsible for determining and authorising any Weekly Incorrect Benefit identified by the Fraud team.

6.3 Referrals to the Investigation Team

6.3.1 The Council will have a standard referral form that will allow employees involved in the administration of benefit to refer cases for investigation. The form will be user friendly and include prompts to ensure the following information is recorded:

- The claimant's name, address and benefit reference number
- Specific details of the type of fraud suspected
- The number of people involved in the alleged fraud and duration of that involvement
- A description, including any distinguishing features, of the claimant and, if appropriate, their real or alleged partner
- Any other addressees used by the claimant and any partner
- Whether the case needs a visit
- Monitoring information

6.3.2 Guidance on making a referral will be included in the Investigations Team's procedure manual. Comprehensive guidance on referring cases will also be provided in regular fraud awareness training sessions.

6.4 Authorised Employees

6.4.1 The Chief Executive will appoint Authorised Employees from within the Investigation Team. These Authorised Employees will have the power of inspection under Section 110 of the Social Security Administration Act, 1992 (the

current version was inserted by the Child Support, Pensions and Social Security Act 2000 with effect from 1 April 2001). The Chief Executive will first ensure that the appointed Employees are right and proper persons and then issue them with letters of appointment.

6.4.2 The letters of appointment will last for no more than a year and contain the following information:-

- full name of Authorised Employee
- the date of appointment
- reference to Section 110 of the Social Security Administration Act, 1992
- the Council's logo, address and contact number for verification
- the image of the Authorised Employee

6.4.3 The Authorised Employees will use the letters of appointment to inspect business premises and to interview persons who may hold information that has relevance to the Housing Benefit and/or Council Tax Benefit claim. They may also use the letters of appointment to make written enquiries. A Code of Practice governs the use of these powers. Authorised Employees must have regard to the Code when exercising the powers contained in the Act.

6.5 Authorised Employee – Extended Powers

6.5.1 The Social Security Fraud Act 2001 introduced additional powers for authorised employees to obtain information from listed organisations such as banks.

6.5.2 Because the number of Authorised Employees with extended powers has been strictly limited the Council has decided that on the rare occasions it will need to obtain information under the Act it will use the services of the National Anti Fraud Network (NAFN). The National Anti Fraud Network employs employees that have received authorisation to make requests for information on behalf of Local Authorities. These employees have received full training in the correct application of these powers and work to a strict code of practice.

6.6 Covert Surveillance/Covert Human Intelligence Sources

6.6.1 The Regulation of Investigatory Powers Act 2000 (RIPA) was introduced to provide a statutory framework for certain investigative activities to enable them to comply with Article 8 of the Human Rights Act.

6.6.2 The use of 'directed surveillance' or 'covert human intelligence sources' for investigations must be subject to prior authorisation. 'Directed surveillance' involves the observation of a person or persons, without their knowledge, with the intention of gathering private information about their life, activities or associations. A 'covert human intelligence source', is effectively an inside informant or undercover employee i.e. someone who develops or maintains a relationship with the surveillance target, having the cover purpose of obtaining or accessing information for the investigators.

6.6.3 The Benefit Manager has delegated powers to authorise the use of directed surveillance or covert human intelligence sources. Employees with delegated authority will comply with the four statutory codes of practice, which are mandatory under the terms of the Regulation of Investigatory Powers Act 2000.

7. The Verification of Benefit Claims

7.1 The most effective method of delivering a benefit service that ensures accurate and prompt payment is to prevent fraud and error entering the system in the first place. To achieve this aim, the Benefits Section undertakes the verification of claims as per the DWP Guidance.

8. Prosecution and Sanctions

8.1 The Council's prosecution policy outlines the procedures to be followed at the Council when considering either prosecution or administering a sanction. It serves as a policy statement and an operational guide for investigators.

9. Do Not Re-Direct (DNR)

9.1 The Council operates the Royal Mail "do not redirect" service when sending out Housing Benefit cheques.

9.2 There are two parts to this service:-

- Royal Mail will intercept and return to the Council, Housing Benefit post which otherwise would have been redirected
- Royal Mail will provide local authorities with details of where mail would have been directed had it not been intercepted

10. Publicity

10.1 Publicity will follow a twin-track approach by encouraging those who feel that they have an entitlement to benefit to apply and discouraging those who might seek to defraud the system.

10.2 All publicity should seek to tell the public:-

- the Council has an Investigation Team whose purpose is to investigate fraud and potential fraud
- the Council will instigate criminal proceedings against those caught cheating the system or in less serious cases administer sanctions such as administrative penalties or official cautions
- information will be translated and/or interpreter arranged for those people for whom English is not their first language

11. Feedback

11.1 The Investigation Team will introduce a monthly statement for the Benefits Section that will include:

- feedback on cases referred to the Investigation Team
- prosecutions/sanctions for example number of referrals received, number of prosecutions and cautions together with other outcome feedback.

12. Data-Matching Exercises

12.1 Whilst the Council is committed to the exchange of information with other organisations it will observe the law on data protection and the rules of confidentiality at all times. Appropriate steps will be taken to notify data subjects that their data may be used for the prevention and detection of fraud.

12.2 Housing Benefit Matching Service

12.2.1 The Council will take part in the Department of Work and Pensions (DWP) Housing Benefit Matching Service. This involves matching Housing Benefit and Council Tax Benefit data against data held by other agencies. The initiative identifies inconsistencies in information provided in support of benefit claims. (For example, claimants who fail to declare all the income or benefits they receive from sources such as Working Tax Credit, industrial injuries benefit or occupational pensions).

12.3 National Fraud Initiative

12.3.1 The Council will also take part in the Audit Commission's National Fraud Initiative (NFI). The NFI is run biannually and allows comparison of Housing Benefit and Council Tax data against other data sources from a variety of organisations. Some of the organisations involved include the NHS, private pension providers and other local authorities.

13. Working in Partnership

13.1 The Council is keen to undertake specific fraud drives by working with:-

- The Department of Work and Pensions
- The HMRC (Inland Revenue & Customs & Excise)
- The Police
- Other Councils

13.2 To facilitate this, the Investigation Team will commit resources to proactive joint fraud drives.

13.3 Any fraud drives undertaken will be in line with the guidance included in DWP's Housing Benefit and Council Tax Benefit Circular F6/2002.

14. The Use of a Fraud Management System

14.1 The Investigation Team use a Fraud Management System. The system aids Employees in the proper management, monitoring and recording of cases under investigation.

14.2 To ensure counter fraud effort is correctly focused the Council will collect and analyse information held on the system to inform risk analysis.

15. Intelligence

15.1 National Anti-Fraud Network (NAFN)

15.1.1 The Council subscribes to the NAFN in order to ensure the proper exchange of intelligence concerning possible fraudulent activity. NAFN also provides a gateway for Employees to carry out checks with other bodies including the Land Registry and credit companies. In addition, the NAFN has an authorised employee with the information gathering powers contained in the Fraud Act 2002. The authorised employee is able to obtain information from a variety of organisations such as banks, building societies, utility providers and insurance companies.

15.2 Other Organisations

15.2.1 The Council subscribes to appropriate organisations such as the Local Authorities Investigating Employees Group (LAIOG).

16. Training

16.1 Fraud Awareness

16.1.1 The Council will ensure that all employees involved in benefit administration will receive regular fraud awareness training which will explain:-

- the role of administration employees in tackling benefit fraud
- the role of the Investigation Team
- how to refer cases to investigation
- what sort of cases to refer for investigation
- the Anti-Benefit Fraud Policy
- the Anti-Benefit Fraud Strategy

16.2 Investigators

The Council will require all investigators to be fully trained and to maintain this training. It is desirable for investigators to hold a suitable qualification such as Professionalism in Security (PINS).

17. Performance Management

17.1 Management of Investigations

17.1.1 The Principal Fraud officer is proactive in the individual investigator's caseload.
The purpose of the intervention is to:

- decide whether to proceed with an investigation
- give advice on the direction of the investigation
- minimise administrative delays
- ensure compliance with the relative legislation and codes of practice

17.2 Performance Indicators/Targets

17.2.1 Local Authorities have a statutory duty under section 151 of the Local Government Finance Act 1972 to make arrangements for the proper administration of their financial affairs. This obligation includes a duty to have effective controls and procedures in place to prevent, detect and investigate fraud and error in Housing Benefit and Council Tax Benefit.

Some consistency, taking account of LA caseload, is expected in terms of what is done to prevent fraud and error, the amount found, and how it is dealt with in terms of punishment in addition to recovery of the overpaid benefit or just recovery of the overpaid benefit.

18. The Council will provide copes of and explain the use and purpose of this strategy to all new Benefits employees during their induction course together with the related Policy.