

BENEFIT INVESTIGATION UNIT

ANTI FRAUD POLICY



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BENEFIT SERVICE ANTI FRAUD POLICY

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WEAR VALLEY DISTRICT COUNCIL

BENEFIT SERVICE ANTI FRAUD POLICY

PART I – INTRODUCTION

There is a general agreement that the complexity of the housing benefit system creates opportunities for abuse. In addition, entitlement to benefit can alter frequently as the circumstances of claimants and their households change. This too can create temptations to conceal changes in circumstances.

The Audit Commission have identified three main ways of cheating the benefit system:

- **Initial Eligibility**

Claimants provide false information in order to receive benefit.

- **Changes in Circumstances**

Claimants neglect to inform of changes in circumstances that may reduce or end their entitlement.

- **Fraud by Landlords or Managing Agents**

The majority of benefit paid in the privately rented sector is paid directly to landlords or managing agents. This can provide a temptation to create false tenancies or to continue to receive housing benefit for people who have moved away.

This Council is committed to the prevention, deterrence and detection of benefit fraud and has willingly embraced Government initiatives that have been introduced to ensure that those who are in need of benefit receive it.

Whilst the Council has appointed a team of specialist staff to investigate fraudulent claims, all staff have a role to play and are encouraged to be vigilant.

PART II – STAFF ROLES/TRAINING

1. Staff Roles and Responsibilities

The primary role of the Benefit Section is to ensure that claimants receive the benefit to which they are entitled. Unfortunately there are those who claim fraudulently. We must endeavour to:

- **Prevent** - Claims must be stopped from entering the system by establishing and implementing procedures which are effective in ensuring that only genuine claims are processed and paid.
- **Detect** - Claims need to be identified where fraud has already been perpetrated by reactively investigating both internal and external referrals and pro-actively checking live claims for irregularities.

Whilst only Investigations staff will examine potentially fraudulent claims, many checks will have already been carried out as part of the verification process by other staff. All staff should be continually alert to the possibility of fraud and corruption. Any irregularities should be referred to the Investigation Unit using the Benefits computer system or, if they work outside the Benefit Unit the referral form (See Appendix 1) and in doing so can be guaranteed confidentiality.

Staff should:

- Be constantly alert to the possibility of fraud; taking care not to become over zealous
- Be familiar with the various forms fraud may take
- Recognise the warning signs that may indicate the possible presence of fraud
- Not be afraid to ask further questions in order to clarify points raised whilst conducting an interview
- Use local knowledge to reduce the risk of fraud
- Refer evidence/suspicions of a possible fraud to the Investigations Unit at the earliest opportunity.

All staff have a contribution to make in ensuring the success of the Council's anti fraud policy.

2. Training

All new benefit staff will receive training in respect of gathering evidence and fraud awareness as part of their training schedule. Existing benefit staff will have refresher training in fraud awareness annually. This will enable Officers to recognise potential fraud and to ensure that referrals to the Investigation Unit are of the highest quality. Investigation Officers will receive training both from internal and external sources (to include Occupational Services Division (OSD) Training Services, formerly Benefits Agency (BA) Training) which will include:

- Effective investigations
- Interviewing skills
- Interviewing under caution
- Protecting yourself from violence and abuse.

All Investigation Officers will undertake the P.I.N.S. (Professionalism in Security) course which, upon successful attainment, will result in a professionally recognised qualification.

3. Integrity

All staff employed in benefit, investigation and internal audit roles are required to sign a declaration (see Appendices 2 and 2A) detailing Officers' interests which may be seen as influencing their decisions e.g. if the Officer is a landlord, or has a relative who is. They must also refrain from dealing with claims from relatives, family members or close friends.

It should be noted that each amendment to a claim is registered against the name of the person processing the amendment and random checks could be carried out.

4. How to Refer Fraud and to Whom

Fraud may be committed as a result of many diversifying factors and may include:

- Undeclared/incorrectly stated income/earnings or capital
- Failure to report a change of circumstances
- Non residency
- Fictitious liability to make rental payments
- Un-notified co-habitation
- Failure to declare non-dependants or true household composition
- Improper cheque encashment
- Multiple claims
- Overstated rents
- Contrived/false tenancies
- Alterations to cheque details.

This list is not exhaustive

The information contained on the benefit claim form, together with all supporting documentation must be checked and any discrepancies should be followed up. This is part of the verification framework process.

Supporting evidence must be closely examined to ensure that it is genuine and cross checks made with previous details thus ensuring consistency.

In all cases, including home visits, we must ensure that we have asked the claimant all relevant questions and given them every opportunity to reveal the full facts. If having done this it is determined that a potential fraud exists, the case should be formally referred for investigation using the referral form (Appendix 1) or the Benefits computer system.

Should a claimant declare or neglect to declare information on a renewal form, or in subsequent correspondence, that had/had not previously been disclosed, further enquiries must be made as part of the verification process.

If there is any doubt about a claim however small it may seem, Officers should not be afraid to make a referral. Benefit staff should use the computer system, other staff should use the designated form, record all relevant facts/evidence and refer the case without delay.

If there is reason to suspect that an internal fraud is being committed, the matter should be reported to the Senior Auditor who will guarantee confidentiality and carry out any necessary investigations.

In addition this Council operates a confidential reporting policy which has been distributed to all staff. Copies are available on request.

5. Feedback

- What to Expect

Feedback, from the Investigation Unit, will be given once the result of the investigation has been concluded and the outcome is known.

- Learning Cycle/Further Training

Feedback to individual Officers has benefits for all concerned. To be aware that an Officer's vigilance has resulted in the prevention of a fraudulent claim for benefit will encourage future referrals.

Management will analyse the result of all referrals. This will highlight areas of weakness which can be addressed with future training.

6. I.T. and Physical Security – General Concepts

Access to I.T. systems is user restricted. Authorisation to functions within the system is given by the Revenues and Benefits Manager. The Council Tax Manager and Benefits Manager carry out an audit of system access annually. Internal Audits are also carried out on security access as part of the key controls audit.

The security and safety of personnel, premises and valuables are detailed in various policy documents which all staff have access to. The Officer Code of Conduct, Health and Safety, Home Workers/Security and Violence at Work policies all address these issues.

PART III – PREVENTION/PROCESS

This Council embraces the Government's desire to reduce poverty and develop an active benefit system, which supports work, savings and honesty. The benefit system must be secure, impartial and provide assistance where it is needed. In order to provide this service many of the Government's initiatives to tackle fraud and error have been willingly introduced.

1. **Verification Framework**

The verification framework sets out the information which must be collected and verified prior to paying benefit, it specifies the minimum standard of evidence and checks that must be made during the life of the claim. This process emphasises the importance of the claim history in building up a complete picture. Much of the fraud and error within the benefit system can be eliminated if the first and subsequent determinations are correct. This relies on the quality of information and collective evidence. Evidence is required to support:

- Identity
- Residency and rent
- Household composition
- Earnings - employed and self-employed
- State benefits
- Income
- Capital.

The framework was introduced by this Council on 30 March 2000.

2. **Royal Mail Do Not Redirect**

The Council introduced this system in Spring 2000, which is used for all benefit correspondence including cheque payments. A specially designed envelope ensures that wherever a person has specifically requested post to be re-directed, the Royal Mail will not comply and simply returns the post directly. A forwarding address will also be provided (if known). Benefit payments are subject to residency rules and this process ensures claimants do not receive payments in respect of a property they do not occupy.

3. **H.B.M.S.**

The Housing Benefit Matching Service carries out various cross checking data exercises. This Council provides data relating to benefit claims and this data is subsequently compared with data held in respect of other welfare benefits and pensions paid. All discrepancies are referred initially to the Investigation Unit. The investigation staff select any cases suitable for investigation and the remainder are dealt with by the Benefits section. All cases accepted by the investigations are subsequently analysed and investigated.

4. **Data Matching**

The Council may carry out other data matching exercises as required and is registered under the Data Protection Act for this purpose. This Council currently participates in the Audit Commission National Fraud Initiative data matching scheme. All matches will be administered in accordance with the Audit Commission Code of Practice.

5. **R.A.T.**

This Council has a Remote Access Terminal and can view basic Benefit Agency records. From August 2000 the council has been able to receive the electronic transfer of data relating to entitlement to Income Support and Job Seekers Allowance and from October 2003 entitlement to Pension Credit. This has greatly improved the speed by which income can be verified and therefore claims processed.

6. **Service Level Agreements**

A Service Level Agreement (SLA) is in existence between the Investigation Unit and the Benefits Agency Sector Fraud Office. This ensures that we work closely together to provide a better and more comprehensive service. This agreement sets performance targets and leads to greater efficiency.

7. **Investigation Unit**

This Council has an investigation team, situated within the benefits office. They have specialist skills and investigate the majority of cases in respect of benefit fraud.

8. **Land Registry Checks**

This Council is able to verify the ownership of a property should a doubt occur, on completion of the relevant form and payment of a nominal fee.

9. **Controls/Checks/Audit's Role**

In accordance with the Benefits Performance Standards, a minimum of 4% of all claims are checked for accuracy by an Officer other than the person making the original assessment. In addition random sample checks are carried out. The percentage of checks may be increased as and when required.

As part of the systems audit, the Internal Auditor carries out sample checks to confirm both accuracy and compliance with the verification framework. The system is also subject to rigorous checks by the external auditor who carries out sample checks on an annual basis.

10. **Hot Line**

The Council operates a Fraud Hot Line which is a confidential telephone reporting service (Tel. No. 01388 761522). This service is regularly advertised both in literature provided with all Council Tax bills and in the Wear Valley Newsletter. Informants do not have to give their names and can be assured of complete confidentiality. Referrals are then investigated by the Investigation Unit.

11. **Sanctions/Prosecution Policy**

Members have agreed a policy that supports prosecution where appropriate and takes notice of advice from Department for Work and Pensions (DWP) formerly known as D.S.S. Wear Valley District Council is prepared to prosecute appropriate cases or ask others to prosecute on our behalf. As an alternative to prosecution a penalty may be levied with the agreement of the claimant.

PART IV – DETECTION

Any suspected fraud should be referred immediately to the Benefit Investigation Unit, except where colleagues or Members are concerned when it should be referred to the Senior Auditor. Ignoring potential fraud is not acceptable and any member of staff raising concerns about colleagues/Members can do so in confidence and without fear of reprisal.

Please refer to Part II of this document for details on the action to be taken should there be concerns/suspicious about a claim for benefit.

The Investigation Unit is part of the Council's benefit service and have Officers that have been specifically trained in investigative work. This Section has the responsibility of ensuring that the following criteria are met:-

- Investigations proceed promptly
- Appropriate action is taken in response to referrals or suspicions
- All investigative actions are within all relevant laws including:

Criminal Procedure and Investigation Act 1996
Police and Criminal Evidence Act 1984 and subsequent Codes of Practice
Social Security Administration Act 1992
Regulation of Investigatory Powers Act 2000

Social Security Administration (Fraud) Act 1997 & Assoc. Regs
Theft Act 1968
Data Protection Act 1998
Human Rights Act 1998

Investigations Officers should be fully conversant with DWP Local Authority Fraud Investigation manual, Benefit Fraud Inspectorate Good Practice Guide, Fraud Circulars and guidance supplied by DWP together with all internal procedures, strategies and policies.

PART V – SANCTIONS

1. **General**

This Council has adopted a policy for the prosecution of offenders relating to benefit fraud.

Discussions on when to offer penalties or when to prosecute have been delegated to the Revenues & Benefits Manager. Investigatory interviews for these cases will have been carried out under the strict guidance of Police and Criminal Evidence Act 1984 regulations. Where appropriate referrals may be made to the Police for investigation.

2. **Range of Sanctions**

The sanctions available to local authorities to punish benefit fraudster's include:

- Prosecutions
- Imposition of administrative penalties
- Formal cautions
- Recovery of any fraud related overpayment.

The aim is to ensure that the appropriate sanction is imposed which best fits the nature and severity of the offence.

3. **Recovery of Overpayments**

Decisions must be made on each individual case as to whether an overpayment is recoverable and if so what method of recovery action is to be undertaken.

Any recoverable overpayment may be collected in the following ways:

- Weekly recovery from ongoing housing benefit entitlement
- Weekly recovery from other welfare benefits
- Weekly recovery from housing benefit paid by another local authority

- Recovery from future payments to a private sector landlord or his managing agent
- Issue of a sundry debtor account
- Referral to debt collection agency
- Court action.

The rate of recovery will take into account the claimant's ability to pay. A decision is made as to whether the liability for the overpaid amount rests with the landlord or tenant. However, if a landlord has notified the Benefits or Investigation staff that a tenant may be committing fraud under legislation, recovery action cannot be taken against the landlord.

Where payments are not received, reminder notices will be issued and where deemed necessary, action taken through the courts.

4 **Recovery of any Fraud related Overpayment**

Any overpayment identified as fraudulent is recoverable. Each case is looked at individually to decide upon the most appropriate type of recovery action to be administered. In order to maximise the successful recovery of fraudulent overpayments regulations allow recovery to be made from ongoing benefit at a higher rate than, that that would normally be allowed.

5 **Closer Working**

A Service Level Agreement (SLA) is in existence between the Investigation Unit and Benefit Agency Sector Fraud Office. This agreement is subject to regular reviews. This council has a close working relationship with the Benefits Agency. Where welfare benefits are paid in conjunction with housing and/or council tax benefits the Benefits Agency may decide to prosecute an offender and can include details of the fraud as it relates to this Authority.

PART VI – DETERRENTS

Every claimant of Housing and/or Council Tax benefit is issued with a notification letter informing them that they must inform the Council immediately of any changes in their circumstances which may affect their benefit entitlements. All application forms contain the following caution:

'any person who provides false statements, information or documents at the time of, or in support of his or her claim or who continues to receive benefit when he or she knowingly fails to inform the Council of relevant changes of circumstances that occur after the claim is made may be prosecuted'

We issue publicity regularly advertising the confidential Benefit Fraud Hot Line service (01388 761522) and are actively pursuing those that make fraudulent benefit claims. Benefit fraud is at everyone's expense. Benefit cheats are stealing money from people who need it and they are stealing money from every taxpayer. Fraud is not a victimless crime - it adds up.

Wear Valley District Council has appointed a specialist Investigation Unit and adopts a deep commitment to the prevention, deterrence and detection of benefit fraud. New penalties, cross checking measures and support for prosecutions mean that punishment for fraud offenders can be very serious.

BENEFITS INVESTIGATION SECTION – REFERRAL OF CASE FOR INVESTIGATION

From(Officer) To: Wear Valley District Council
.....(Section) Civic Centre
.....(Team Leader Signature) Crook
Co. Durham
DL15 9ES

Date

B.I.S. REF.			
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Claim No.
Claimants Surname Forename(s)
Date of Birth NINO
Partner's Surname Forename(s)
Date of Birth NINO
Current Address Flat/House No Street
..... Town Post Code

Landlord's Name and Address

Case Type: Council Council Tax Only Private Tenant

This case is referred for consideration of possible investigation for the following reason(s):-
.....
.....
..... Continue overleaf if necessary)

I attach copies of any relevant documents i.e.
.....
.....

The claim is currently running stopped (give reason for stoppage
.....)

From: BENEFIT INVESTIGATION SECTION To:

A Please carry out the following action on this claim:-
.....
.....

B This case is unsuitable for investigation for the following reason(s). Please deal with the case as normal:-
.....
.....

ENQUIRY OFFICER DATE

Thank you for referring this case to the Benefit Investigation Section

Wear Valley District Council

Housing Benefit Staff Declaration of Interest – 2004/05

It is a requirement of Housing Benefit Performance Standards as set by Government that a register is maintained of staff declarations where they have a personal interest that may conflict with the work they are required to do.

Please read the following and sign the declaration below.

A declaration is necessary where a personal interest conflicts with your work. This can arise from:

- Being personally in receipt of or making an application for housing or council tax benefit within Wear Valley District
- Member of your household being in receipt of or making an application for housing or council tax benefit within Wear Valley District
- Close relative, friend or associate being in receipt of or making an application for housing or council tax benefit within Wear Valley District
- Being a landlord or agent for properties within Wear Valley District where some or all of a tenant's rent is paid by housing benefit
- Member of your household acting as landlord or agent for properties within Wear Valley District where some or all of a tenant's rent is paid by housing benefit
- Close relative, friend or associate acting as landlord or agent for properties within Wear Valley District where some or all of a tenant's rent is paid by housing benefit

The details provided will only be made available to the Benefits Manager and persons senior to him/her.

Declaration

I hereby agree to notify the Head of Finance of all personal interests that may potentially conflict with my work in the Wear Valley Benefits Service.

Signed _____

Name _____

Date _____



HOUSING/COUNCIL TAX BENEFIT SECTION
BENEFIT INVESTIGATION SECTION
INTERNAL AUDIT

DECLARATION OF INTEREST

NAME: (Mr/Mrs/Miss)
(Please use block capitals and black ink)

DESIGNATION:

DEPARTMENT:

I hereby declare that
(insert name and address of claimant/landlord)

.....

is my
(detail relationship, e.g. mother, sister, partner, friend, business partner)

and I will, as such, refrain from dealing with this claim.

SIGNED:

DATED: