



DERBY CITY COUNCIL

**AUDIT AND ACCOUNTS
COMMITTEE
25 OCTOBER 2006**

Report of the Head of Audit and
Risk Management

ITEM 7

ANTI-FRAUD AND CORRUPTION STRATEGY

RECOMMENDATION

- 1.1 To approve the revised Anti-Fraud and Corruption Strategy.

SUPPORTING INFORMATION

- 2.1 The Anti-Fraud and Corruption Strategy is a mechanism for demonstrating that the Council is committed to dealing with fraud and corruption and that it will deal equally with perpetrators from inside (members and employees) and outside the authority. In addition, there needs to be no distinction made in investigation and action between cases that generate financial benefits and those that do not.
- 2.2 An effective strategy to combat fraud and corruption cannot be detached from other strategies needed to ensure that the Council's resources are properly managed; its services are of the highest possible quality; provide value for money; and it is fully accountable and open in everything it does.
- 2.3 The previous strategy was approved by Council Cabinet in November 2002. The Council needs to demonstrate that it is developing and implementing strategies to prevent and detect fraud and corruption.
- 2.4 The revised Strategy will need to be communicated to all members and employees of the Council. This will be achieved by publicising it through Council Life and including the Strategy on the Council's intranet and website. All new starters should receive details of the Strategy in their induction pack.
- 2.5 The Head of Audit and Risk Management monitors compliance with the Strategy within the Annual Audit Plan, and should review the adequacy of the Strategy on an annual basis. The Audit and Accounts Committee is responsible for approving the Strategy and monitoring the effectiveness of its application throughout the Council.
- 2.6 It is the Council's responsibility to ensure that its affairs are managed in accordance with proper standards of financial conduct. These are reviewed annually by External Audit.

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Background papers:

List of appendices:

Appendix 1 - Implications

Appendix 2 - Anti-Fraud & Corruption Policy Statement & Anti-Fraud & Corruption Strategy

IMPLICATIONS

Financial

1. None directly arising.

Legal

2. None directly arising.

Personnel

3. None directly arising.

Equalities impact

4. None directly arising.

Corporate objectives and priorities for change

5. The functions of the Committee have been established to support delivery of corporate objectives by enhancing scrutiny of various aspects of the Council's controls and governance arrangements.

DERBY CITY COUNCIL
ANTI-FRAUD & CORRUPTION POLICY STATEMENT

Derby City Council is committed to the prevention, detection and investigation of all forms of fraud and corruption. The Council aims to prevent theft, fraud and corruption by:

- Developing an anti-fraud and corruption culture among staff and the public to deter such acts.
- Encouraging the reporting of reasonably held suspicions.
- Designing and operating systems, procedures and policies which minimise the risk of fraud, theft, corruption, misappropriation and misuse of assets.
- Assisting other government bodies, where appropriate, in their investigations into theft, fraud and corruption.

The Council will treat each case on its own merits, but where appropriate, the Council will seek to prosecute persons who:

- Operate corrupt practices against the Council.
- Steal from the Council.
- Defraud the Council.

The Council will seek to recover the proceeds of any such activity from identified offenders.

DERBY CITY COUNCIL

ANTI-FRAUD AND CORRUPTION STRATEGY

September 2006 (previous version 2002)

Executive Summary

Over recent years, there has been a growing awareness among local authorities of an increasing level of fraud, and the publicity given to discovered frauds. There are also indications that fraud is becoming more organised.

The aim of this strategy is to respond to national concerns about fraud, particularly public sector frauds, by the introduction of clear guidelines for the detection, prevention and reporting of fraud. The City Council has already responded to national concerns by participating in the Audit Commission's National Fraud Initiative.

Listed below are a number of other factors and changes that necessitate the update of the Anti-Fraud and Corruption Strategy:

- The effects of significant changes by the Council in its departmental management structures.
- Greater delegation for chief officers and managers.
- The consequent dilution of traditional supervision and control measures.
- Nolan Committee and the Confidential Reporting Code (whistle-blowing).
- Increasing levels of organised fraud.
- The national anti-fraud campaign by the Audit Commission.
- Externalisation of services.
- Increased partnership working.
- The requirements of the Proceeds of Crime Act 2002 and Money Laundering Regulations 2005.

Although individual frauds rarely involve large amounts, it is the very disproportionate and long lasting damage inflicted by a small number of offenders to the good reputation and integrity of the vast majority of Council staff, which is a real issue. Preventing and reporting concerns about the possibility of misuse of cash limited public funds is a collective responsibility of all staff.

1. Introduction

- 1.1 Derby City Council aims to make sure all of its services are of the highest possible quality; provide value for money, and that it is fully accountable, honest and open in everything it does. As with any large organisation, the size and nature of our services puts us at risk from fraud, corruption, theft, irregularity, improper use or misappropriation of the Council's property or resources both from within the Council and outside it.
- 1.2 The Council is committed to making sure that the opportunity for fraud and corruption is reduced. Where there is the possibility of fraud, corruption and other problems, it will be dealt with in a firm and controlled manner.
- 1.3 An important part of this approach is the existence of an Anti-Fraud and Corruption Strategy, to advise and guide members and staff on the Council's approach to the serious issues of fraud and corruption. This document provides an overview of Council policy in this matter and includes a Fraud Response Plan which provides more detailed guidance on how to deal with fraud and corruption.
- 1.4 The main message is that the Council expects all members, employees, consultants, contractors, partnering organisations and service users, to be fair and honest, and to provide the help, information and support the Council needs to deal with fraud and corruption.
- 1.5 The strategy set out in this document covers the following areas:
 - Internal rules and procedures.
 - Role of members and staff.
 - Preventing fraud and corruption.
 - Detecting and investigating fraud and corruption.
 - Awareness and training.

2. Internal rules and regulations

- 2.1 The Council has a number of procedures and rules to make sure that the financial, working and organisational procedures are properly controlled. These are an important part of the internal control process, and it is important that all members and staff know about them.
- 2.2 The most important of these are as follows:
 - Contracts Procedures Rules.
 - Financial Procedure Rules.
 - Standing Orders & associated Rules of Procedure.
 - Code of Conduct for Employees.
 - Code of Conduct for Councillors.
 - Schemes of Delegation.
 - Employees Conditions of Service.

- 2.3 Individual departments have also introduced their own measures, which are designed to control their activities. Examples include Scheme of Delegation, accounting control procedures, working manuals and operating procedures.
- 2.4 Corporate Directors must make sure that all staff have access to these rules and regulations and that staff receive suitable training.
- 2.5 Members and employees must make sure that they read and understand the rules and regulations that apply to them, and act in line with them.
- 2.6 If anyone breaks these rules and regulations the Council can take formal action against them. In respect of employees this may include ending their employment with the Council. In the case of elected members, the Corporate Director of Corporate and Adult Social Services, in his role as Monitoring Officer, may decide to refer the issue to the Council's External Auditor or to the Standards Board of England.

3. Role and responsibilities of members and staff

- 3.1 The Council expects all people and organisations that are in any way associated with it to be honest and fair in their dealings with it and its clients and customers. Members and employees are expected to lead by example in these matters.
- 3.2 The Codes of Conduct for members and employees set out an approach to work that is both honest and fair. Members and employees must act in line with the codes at all times.
- 3.3 Employees are expected to always be aware of the possibility that fraud, corruption and theft may exist in the workplace and be able to share their concerns with management.
- 3.4 All information will be dealt with fairly and confidentially. The Council will endeavour not to reveal the names of the people who provide the information.
- 3.5 The Nolan Committee sets out the seven guiding principles that apply to people who serve the public (see Appendix 1). We will develop our working behaviour around these principles.
- 3.6 The Council expects its Corporate Directors to deal firmly and quickly with anyone who is responsible for fraud or corruption. The Corporate Director - Resources and Housing in consultation with the Corporate Director of Corporate and Adult Social Services may refer matters to the police if he suspects any criminal activity has been carried out.
- 3.7 Corporate Directors must ensure that any investigative process is not misused and, therefore, any abuse, such as raising unfounded malicious allegations against a colleague, will be dealt with as a disciplinary matter.
- 3.8 The Audit and Accounts Committee approves and monitors the Anti-Fraud and Corruption Strategy for the Council and ensures that it operates effectively. The Head of Audit and Risk Management in consultation with the Chair of the Audit and

Accounts Committee will ensure that any corrective actions identified from investigations are brought to the attention of the Committee.

4. Preventing fraud and corruption

- 4.1 It is the Council's aim to prevent fraud and corruption. Accordingly, it is essential that there are clear rules and procedures, within which members, employees, consultants and contractors can work. These include the main corporate rules, which are set out in section 2 above.
- 4.2 The Council must make sure that all rules and procedures are subject to a robust review process and updated where necessary.
- 4.3 Corporate Directors must make sure that suitable levels of internal check are included in working procedures, particularly financial procedures. It is important that duties are organised so that no one person can carry out a complete transaction without some form of checking process being built into the system.
- 4.4 Council procedures must be followed when employing new staff. Proper checks must be carried out on the previous employment records of anyone we are considering employing. This applies to both temporary and permanent staff. Criminal Records Bureau checks will be carried out in accordance with the Council's Employing People with Criminal Records Policy.
- 4.5 The Council is committed to working and co-operating with other organisations to prevent organised fraud and corruption. Wherever possible, the Council will be prepared to help and exchange information with other Councils and organisations to deal with fraud.
- 4.6 This kind of work needs to be tightly controlled particularly in relation to data protection issues. The Council's IT Security and Access Manager can provide advice on exchanges of information.
- 4.7 In respect of benefit fraud, the Council has facilities available for people to provide information that may prevent fraud and corruption. These include a dedicated telephone line and an e-mail address, which members of the public can use to provide information.
- 4.8 The Council will make sure that full details of facilities for reporting fraud and corruption are widely publicised and that all information it receives in this way is investigated and dealt with.

5. Detecting and investigating fraud and corruption

- 5.1 This section should be read in conjunction with the Council's Fraud Response Plan and Prosecution Policies.
- 5.2 Under the Code of Conduct and Financial Procedure Rules, employees must report any suspected cases of fraud and corruption to the appropriate manager, or, if necessary, direct to the Head of Audit and Risk Management. Reporting cases in this way is essential to the Anti-Fraud and Corruption Strategy and makes sure that:
 - Suspected cases of fraud and corruption are investigated properly.

- The Fraud Response Plan is carried out properly.
- There is a standard process for dealing with all suspected cases of fraud and corruption.
- People and our interests are protected.

- 5.3 The Council's Confidential Reporting Code is intended to encourage and enable staff to raise serious concerns. Employees reporting concerns in this way are afforded certain rights through legislation (Public Interest Disclosure Act 1998).
- 5.4 The Council has an Anti-Money Laundering Policy which details its position in relation to possible situations involving exposure to the proceeds of crime and to offences under money laundering legislation and regulations. This policy is supported by guidance notes for employees on the procedures to follow should they suspect such an offence. The Council's MLRO is the Corporate Director – Resources and Housing.
- 5.5 In investigating suspected fraud and corruption, the Council complies with the Regulation of Investigatory Powers Act 2000 (RIPA). The aim of this act is to ensure that investigatory powers are used in accordance with human rights.
- 5.6 The Head of Audit and Risk Management will work with Corporate Directors to decide on the type and course of the investigation. This will include referring cases to the police where this is considered necessary by the Corporate Director of Corporate and Adult Social Services. The Council will prosecute offenders and will carry out its disciplinary procedures where appropriate. Care will be taken to ensure that any internal proceedings do not prejudice any criminal case.
- 5.7 In cases relating to housing benefits and council tax fraud the Council has a dedicated team of investigators and clerical staff who receive and process benefit fraud referrals from a number of sources. This team is the Benefit Investigations Unit (BIU). All investigations are conducted in accordance with relevant legislation for example, the Police and Criminal Evidence Act (PACE) and the Regulation of Investigatory Powers Act (RIPA). The Council is committed to preventing fraud and error entering the system and has adopted the Verification Framework to deter people who make fraudulent claims. The Council has adopted a policy on sanctions and prosecution in respect of housing and council tax benefit. The policy seeks to provide consistent guidelines for sanction and prosecution decisions. The council uses discretion in all cases and looks at each case individually. A document outlining the Council's approach to benefit fraud is attached as Appendix 2.
- 5.8 Independent external audit has an essential role to play in relation to the stewardship of public money. The role is delivered through the carrying out of specific reviews that are designed to test (amongst other things) the adequacy of the Council's financial systems, and arrangements for preventing and detecting fraud and corruption. It is not the external auditors' function to prevent fraud and irregularities, but the integrity of public funds is at all times a matter of general concern. External auditors are always alert to the possibility of fraud and irregularity, and will act promptly if grounds for suspicion come to their notice. The external auditor has a responsibility to review the Council's arrangements for preventing and detecting fraud and irregularities, and arrangements designed to limit the opportunity for corrupt practices.

- 5.9 The Council participates in the Audit Commission's National Fraud Initiative which is a data matching exercise that tackles a broad range of fraud risks faced by the public sector. It also participates in the Housing Benefit Matching Service (HBMS), which is a Government initiative which involves the matching of Local Authority data against that of other Government departments.
- 5.10 The Council subscribes to the National Anti-Fraud Network (NAFN) which circulates news on current criminal activities in the public sector and also offers help with investigations. Audit and Risk Management and the BIU will pass on NAFN and Audit Commission warnings to relevant employees where appropriate.

6. Awareness and Training

- 6.1 The key to introducing a successful anti-fraud and corruption strategy and making sure it continues to apply will depend on effective communication of the strategy and appropriate awareness training for employees.
- 6.2 Advice and training in fraud awareness is available from Audit and Risk Management to managers and staff involved in internal control systems and advice on covert surveillance is available from the Legal Division.
- 6.3 Investigation of fraud and corruption centres on the Council's Audit and Risk Management Section and the Benefits Investigation Unit. Auditors and Benefit Investigation staff must therefore be properly trained in fraud investigation.

7. Conclusion

- 7.1 Derby City Council is committed to tackling fraud and corruption whenever it happens. The Council's response will be effective and organised and will rely on the principles included in this document.
- 7.2 The Council will continue to review our rules and procedures and will make sure that this strategy document is regularly reviewed to make sure it stays effective.

Nolan Committee Report - The Seven Principles of Public Life

Selflessness

Holders of public office take decisions in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance of the official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contract, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

Derby City Council – Approach to Benefit Fraud

1. What is benefit fraud?

- 1.1 Benefit fraud is everyone's problem. It takes money out of the system which could otherwise be used to provide much needed benefits and services for everyone. In October 2005 the Department of Work and Pensions' (DWP) best estimate of fraud in the benefits system stood at £0.9 billion and at 0.8 per cent of benefit expenditure.
- 1.2 To make a false claim for Housing and/or Council Tax Benefit is a criminal offence under the Social Security Act 1992. More serious cases and those involving large overpayments may come under the scope of the Theft Act 1968.
- 1.3 Derby City Council is committed to tackling fraud and corruption which is already in the system and to protecting public funds. We are also committed to preventing fraud and error entering the system and have adopted the Verification Framework to deter people who make fraudulent claims.

2. How do we tackle benefit fraud?

- 2.1 Derby City Council has a dedicated team of investigators and clerical staff who receive and process benefit fraud referrals from a number of sources. This team is the Benefit Investigations Unit (BIU). All investigations are conducted in accordance with relevant legislation for example, the Police and Criminal Evidence Act (PACE), Criminal Procedure and Investigations Act (CPIA) and the Regulation of Investigatory Powers Act (RIPA).
- 2.2 Our team of investigators have all successfully completed the Professionalism In Security (PINS) training. PINS is a nationally recognised qualification in investigations and is run by the (DWP). In addition to specific, targeted training there are comprehensive procedure documents available including a prosecution policy which supports the sanction process.
- 2.3 Referrals come into the team from a variety of sources for example, from benefit assessors, members of the public and data matching. Referrals can be made over the telephone, by email, in writing or in person at the Council House. Although some calls come through on the general telephone numbers, BIU have a dedicated Fraud Hotline number which is manned during office hours.
- 2.4 Most referrals are risk assessed using the in-house BRISK system which provides a scoring methodology to determine which referrals are accepted for investigation. Risk assessment using BRISK ensures continuity in the acceptance of referrals and also ensures that resources are allocated to investigating the highest quality referrals. HBMS data matches and NFI matches are not put through BRISK as they are deemed to score highly enough given that they are the result of a matching exercise by DWP.
- 2.5 Referrals which do not score highly enough on BRISK are passed to the Visiting Team. This process is similar to the 'Criminal/Compliance' process within DWP.

- 2.6 Derby City Council receives monthly matches from the Housing Benefit Matching Service (HBMS). This is a Government initiative which involves the matching of Local Authority data against that of other Government departments, notably, Her Majesty's Revenues and Customs (HMRC), to identify cases where their information on the financial or personal circumstances of benefit customers appear to conflict with our own. We also subscribe to the National Fraud Initiative (NFI) which is another matching process run every two years.
- 2.7 Referrals from Derby City Council staff prove to be a good source of information and BIU run regular training and refresher sessions on fraud awareness. These targeted sessions are delivered to all staff who have an involvement with benefit payments during the course of their daily activities for example, benefit assessors, front line staff and Derby Homes staff.
- 2.8 During these sessions staff are made aware of how to identify fraud and how to report any suspicions they might have. A more general overview of benefit fraud is provided to all Derby City Council employees as part of their induction.
- 2.9 Derby City Council recognises the benefits of joint working and in line with Government recommendations, we have signed up to the Fraud Partnership Agreement (FPA). We have a good working relationship with our colleagues in the DWP and work jointly on investigations which involve both DWP and LA benefits.

3. Process of investigation

- 3.1 All investigations are conducted in accordance with relevant legislation and investigators are trained to ensure compliance. Cases are subject to regular monitoring and quality checks. Investigators are encouraged, wherever possible, to move an investigation on to the decision making stage within 90 days.
- 3.2 Intelligence is gathered from a number of public sources for example, electoral roll information, as well as private information. The investigators are able to use Section 29 (3) of the Data Protection Act to obtain information as well as making use of more specific powers under relevant legislation.
- 3.3 All investigators and some clerical support officers have Authorised Officers Powers. These powers, which have been afforded to them under the provisions of the Social Security Administration (Fraud) Act, require the team members to have attended a training course and reached an appropriate level of competency which is assessed via a testing process. The powers authorise the officers to carry a 'certificate' and enable them to approach, amongst others, employers and private pension providers for information about payments made to customers whose benefit claims form part of an investigation. The regulations compel the employers and other agencies to provide the information and non-compliance with formal requests can result in a penalty levied against the company concerned.
- 3.4 Derby City Council subscribes to the National Anti Fraud Network (NAFN) and uses their facilities to gather intelligence. Where lawful applications are made NAFN are able to provide information from DVLA, Land Registry, Companies House and other agencies. Under specific powers within the Social Security Administration (Fraud) Act they are also able to provide information from banks and building societies.

- 3.5 Applications can be made under RIPA to conduct covert surveillance. These applications require authorisation from the Assistant Director or above and are closely monitored and reviewed in line with the legislation. At present, BIU do not make use of Covert Human Intelligence Sources (CHIS).
- 3.6 Once sufficient evidence of an offence is gathered, the customer may be invited in to the office for an Interview Under Caution (IUC). IUC's are an opportunity for the investigators to put questions and evidence to the customer and for the customer to provide an explanation of their circumstances. There is a dedicated IUC room at the Council House and tapes resulting from an IUC are professionally transcribed.
- 3.7 Joint investigations result in a joint IUC as, under current legislation, LA officers are not able to question a customer about an offence against a DWP administered benefit.
- 3.8 If benefit fraud is proven, the Council have a number of options available to them by way of sanctions and have a comprehensive Prosecution Policy to provide guidance – copy attached.
- 3.9 Derby City Council are prosecuting agents for Housing and Council Tax Benefit offences and can issue summons and prosecute offenders. Joint working cases are handled by the DWP and their solicitors. A joint prosecution ensures that the full value of the fraud is brought before the Courts.
- 3.10 If it is deemed inappropriate to prosecute the customer then the Council can make the customer an offer of a formal caution or an administrative penalty. Alternatively, the Council could opt for recovery only. The decision on which sanction to apply is made after taking into consideration the Prosecution Policy and after consultation with other interested parties for example, DWP or the Legal Department.
- 3.11 A formal caution is normally offered as an alternative to prosecution if it is the customer's first offence, if the overpayment is small or covers a short period of time or if the customer offers sufficient mitigation. The customer must admit the offence during IUC for the offer of a caution to be made. The acceptance of a formal caution is recorded on the DWP computers and if the customer is found to have committed benefit fraud in the future, the caution is cited.
- 3.12 An administrative penalty is another alternative to prosecution and can be offered even if the customer didn't admit the offence in IUC. An administrative penalty is normally offered for larger overpayments (that are below £2,000) and where it is the customer's first offence. The penalty represents an additional 30% of the total overpayment which the customer is required to pay once the recovery of the original overpayment is complete. The acceptance of an administrative penalty is recorded on the DWP computers and if the customer is found to have committed benefit fraud in the future, the caution is cited.
- 3.13 Recovery only is the final option open to the Council. If it is deemed inappropriate to apply a sanction then only the recovery of the overpayment is sought.
- 3.14 Sanction action is used as a deterrent to other potential fraudsters. It sends a powerful message that Derby City Council will not tolerate abuses of the benefit system and works hard to remove fraud and error.

4. Progress and Performance

4.1 The DWP have set key Best Value Performance Indicators (BVPIs) for fraud which measure progress and performance. These key BVPIs are:

- BVPI 76a – number of customers visited per 1000 caseload.
- BVPI 76b – number of fraud investigators employed per 1000 caseload.
- BVPI 76c – number of fraud investigations per 1000 caseload.
- BVPI 76d – number of prosecutions and sanctions per 1000 caseload.

Performance within these BVPIs is measured in unitary quartiles, bottom, median and top.

4.2 Results for the financial year 2005/06 are currently being audited. Data is available for financial year 2004/05:

- BVPI 76a – scored within lower median quartile.
- BVPI 76b – scored within lower median quartile.
- BVPI 76c – scored within upper median quartile.
- BVPI 76d – scored within upper median quartile.

We hope to have improved on this performance during financial year 2005/06 and hope to improve still further during this current financial year.

4.3 Fraud progress and performance is also included in the Comprehensive Performance Assessment (CPA). In the last financial year Derby City Council's BIU secured a score of 4 (where 1 is the lowest score and 4 is the highest score) for its performance within the 'Security' indicator.

4.4 We also have Local Performance Indicators (PIs). These PIs measure time taken to process the initial referral, time taken to complete the investigation, ratio of cases closed to cases closed fraud proven and the number of sanctions applied.

4.5 In addition to these performance measures the DWP set targets for the completion of HBMS data matches. For the financial year 2005/06 the DWP stipulated that Derby City Council should complete 100% of all data matches within two months of the date of receipt. Derby City Council was able to certify compliance with this target. For the financial year 2006/07 the DWP have reduced the target to 90%. BIU are confident that they will be able to certify compliance to this new target by the end of the financial year.

5. The way forward

5.1 Following a recent restructure within the Resources and Housing Directorate, the processes and procedures within BIU will be reviewed. This review is intended to ensure that resources are being used effectively and to look for ways to improve on the team's significant performance in recent years.

- 5.2 The team are looking for new ways to generate referrals and will be implementing a number of targeted fraud drives. Statistical analysis of previous caseloads and investigations will enable the team to target fraud drives at areas where fraud is prevalent or where a particular 'risk group' has been identified.
- 5.3 We will continue to work closely with our colleagues in the DWP and are currently awaiting the issue of the new Fraud Partnership Agreement. Regular liaison meetings and nominated liaison officers will ensure the process from referral, through to investigation and then, where appropriate, sanction action runs as smoothly as possible.
- 5.4 We will develop good liaison with colleagues from other agencies for example, HMRC and the Police to ensure an efficient gateway exists for the legitimate exchange of information and to create opportunities for partnership working.
- 5.5 We will continue to train, and provide refresher training to all staff involved with Housing and Council Tax Benefit. Where possible, we will provide regular feedback on referrals and work to ensure a smooth referral process is in place. We will provide advice and guidance when required. We will also continue to train the staff in BIU to keep them abreast of all developments and legislative changes.
- 5.6 We will continue to subscribe to the NFI and will process referrals and matches in a timely manner. We will make referrals to other internal departments as appropriate for example, internal audit.
- 5.7 We will continue to make best use of technology and information gathering tools to assess and collate intelligence so that it might become evidence.

DERBY CITY COUNCIL

Housing Benefit and Council Tax Benefit Fraud – Prosecution Policy

Derby City Council is committed to preventing fraud and error entering the benefit system and has adopted the Verification Framework to deter people who make fraudulent claims. The Council also regularly checks its own benefit data against information held by other organisations to help identify fraud and error.

Where fraud is identified the Council will conduct a thorough investigation and seek to apply the appropriate sanction. Wherever possible we will work in partnership with the Department for Work and Pensions to ensure that the full scale of the fraud is determined.

We are determined to recover overpaid benefit in every case where the overpayment was caused by fraudulent activity.

Information regarding successful prosecutions will be supplied for inclusion in Members reports and where appropriate may appear in local publications.

Prosecution Policy

Derby City Council is committed to tackling benefit fraud and protecting public funds. When it is appropriate we will apply sanctions or prosecute those people who deliberately commit fraud.

Our guidelines seek to provide a consistent framework for sanction and prosecution decisions. We use discretion in all sanction and prosecution cases.

We will treat every case on merit, in some cases where the fraud is of a low value and it is a first offence we may not apply any sanction.

Sanctions

Where a benefit fraud has clearly been identified the Council has the following options:

- Issue a Local Authority Caution - A caution may be offered as an alternative to prosecution if it is a first offence and the amount and duration of the overpaid benefit is low.
- Offer an Administrative Penalty - An administrative penalty may be offered as an alternative to prosecution where the scale of the fraud exceeds the limits where a caution would be appropriate. A penalty is levied at 30% of the amount of the overpaid benefit and is collected in addition to the overpaid benefit.

Information about cautions and penalties is held on Department for Work and Pension and Derby City Council files. It will be used to inform any future decisions about sanctions should the offender commit further benefit fraud.

- Prosecute - A prosecution will be considered in all serious cases. We will also consider whether the public interest is served by prosecuting and whether there is sufficient evidence for a realistic prospect of a conviction.

Recovering Benefit Lost to Fraud

In every case we will seek to recover the overpaid benefit regardless of the sanction applied.