

To: Audit and Governance Committee

Date: 28th April 2009

Item No:

Title of Report:

Benefit Investigation – 2008/09 outcomes

Money Laundering Regulation - Implications and action

Summary and Recommendations

Purpose of report:

1. To report to Members the Benefit Investigations and Outcomes for the period 2008/09.
2. To report to Members implication the Money Laundering Regulations has for Oxford City Council and actions to be taken.

Key Decision: No

Board member: Councillor Bob Price

Scrutiny Responsibility: Value & Performance

Ward(s) affected: None

Report Approved by: Lindsay Cane, Legal & Democratic Services

Policy Framework: Financial stability

Recommendation(s): Members are asked to note the report.

1. To report to Members the Benefit Investigations and Outcomes for the period 2008/09.

The Investigation Team has several performance measures that are reported to the Department for Work and Pension on a monthly basis. There are also internal performance measures, which have remained in place, though there is no longer a requirement to complete these quarterly performance measures to the Audit Commission.

In 2008/09 these measures have been affected by the inability to fill the vacant post for the first half of the year and also by the suspension of the

HBMS Matching Service until June 2008. This service was resumed in June 08 however the levels of referrals received by the team have been substantially less than previous years.

The number of cases referred to the Investigation Team has been lower than expected. This is almost entirely due to the suspension of HBMS data matching.

Matches as a result of the Audit Commission National Fraud Initiative 2008 arrived in January 2009. The Authority received 1484 benefit related matches. All have been reviewed and of these 359 matches will require further investigation. Previous matches have highlighted the need to look at all matches not just the high risk matches as recommended. From previous year's matches it is known that the lower risk matches highlight other types of fraud, e.g suspected living together cases. For this reason all matches are looked into. It is also known from previous matches that the reports that attract the most successful outcomes are in connection with wages, students, asylum seekers and pensions. These matched reports are given the highest priority.

The key performance indicators for the Investigation Service as reported to the Chief Executive are;

- Number of Investigators per 1000 live benefit case load was set at 0.37. Based on 4 Investigators and the average live case load of 10,929. This performance measure has been met.
- Numbers of completed investigations per 1000 live benefit case load was set as 92.31. This has not been met. This can be attributed to the loss of one Investigator from July 2007 until August 2008 and also to the absence of HBMS matches in Q1 and then the lower level of expected matches during Q2, 3 & 4. The achieved performance for this measure for 2008/09 is 76.31. A total of 834 benefit claims have been investigated and closed within the year.
- Number of sanctions per 1000 live benefit case load was set at 5.53. This performance measure has been exceeded. In total 65 benefit claimants have been sanctioned, resulting in a performance of 5.95.

Although there is no formal reporting mechanism or targets set in relation to the effectiveness of the investigation team regarding the level of overpayments raised during 2008/09, it should be noted that as a direct result of the work done by the investigation team £696,711 in Housing and Council Tax overpayments have been raised. This attracts £364,211 in grant subsidy to the Authority.

2. To report to Members implication the Money Laundering Regulations has for Oxford City Council and actions to be taken.

There have been significant changes to the legislation concerning money laundering (the Proceeds of Crime Act 2002 and the Money Laundering

Regulations 2003), which have broadened the definition of money laundering and increased the range of activities caught by the statutory framework. As a result, new obligations impact on areas of local authority business and require local authorities to establish internal procedures to prevent the use of their services for money laundering.

In general terms money laundering is described as 'turning dirty money into clean money'. It is a way of converting cash or other property gained from criminal activity so that it gives the appearance being obtained from a legitimate source. Successful money laundering enables criminals to distance themselves from criminal activity, making it more difficult to prosecute. It also distances the profits from any criminal activity which helps to prevent any confiscation of their ill gotten gains. Any 'profit' can be invested in future criminal activity or in legitimate business.

The Council's Policy, as approved by the Executive Board on 6th November 2006 and the existing procedures are currently under review. Changes introduced by the 2007 Money Laundering Regulations will be incorporated into the new Policy and Procedures.

The new Policy and Procedures will apply to all Members and staff to enable the Authority to comply with its legal obligations. It is important that all employees are made aware of the policy.

A program of training will ensure that Members and employees are aware of their responsibilities and that any concerns are to be reported to the Money Laundering Reporting Officer (MLRO). Any employee would be caught by the money laundering provisions if either they are actively involved in money laundering or suspect money laundering and do nothing about it.

Whilst the risk of contravening the legislation is low, it is extremely important that all employees are familiar with their legal responsibilities: *serious criminal sanctions may be imposed for breaches of the legislation.*

The MLRO within the Authority is the Head of Service for Finance, Penny Gardner and Sarah Fogden.

As a reintroduction on the Money Laundering Regulations a report outlining the implication of the changes was presented to the WLT on 07/04/09.

It is anticipated that the revised policy and procedures will be reported to the Audit and Governance Committee in June 2009. Training for Members and employees will continue throughout 2009.

Recommendations

Members are asked to acknowledge the performance outcomes of the Investigation Team for 2008/09.

Members are asked to acknowledge the requirement to implement the changes in respect of the Money Laundering Regulations 2007.

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