

**AGENDA ITEM: 13**

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Meeting	Audit Committee
Date	21 June 2010
<b>Subject</b>	<b>Annual Report of the Corporate Anti Fraud Team 2009/10</b>
Report of	Acting Corporate Anti Fraud Team Manager and Director of Corporate Governance
Summary	To note the Annual Report of the Corporate Anti Fraud Team 2009/10

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Officer Contributors	Clair Green, Acting Corporate Anti Fraud Team Manager Jeff Lustig, Director of Corporate Governance
Status (public or exempt)	Public
Wards affected	Not applicable
Enclosures	Annual Report of the Corporate Anti Fraud Team 2009/10
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

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Contact for further information: Clair Green 0208 359 7791

## **1. RECOMMENDATIONS**

- 1.1 That the Committee note the contents of the Corporate Anti Fraud Team's Annual Report for 2009/10.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 The Corporate Anti Fraud Team (CAFT) was launched on 7th May 2004 (delegated powers report, ref: BT/2004-05 -2 March 2004)
- 2.2 On 11 March 2010, the Audit Committee included in the work programme for 2010/11, that that an annual report on the work of the Corporate Anti- Fraud Team be produced to this meeting.
- 2.3 On 11 March 2010, the Audit Committee approved the team Annual Workplan and the Council's revised Counter Fraud Framework which the team operates within. The Framework consists of a set of comprehensive documents, which detail the Council's Fraud Response Plan, Fraud Reporting Toolkit, Prosecution Policy and the Whistle Blowing Policy, they are available of the CAFT intranet site.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The Council's Corporate Plan 2010/13 sets out three new corporate priorities; Better Services with less money, A successful London Suburb and Sharing opportunities and Sharing responsibilities.

The 'Future Shape' programme comprises of three principles; A new relationship with citizens, A one-public sector approach and A relentless drive for efficiency.

The Council also has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted. The work of the Corporate Anti Fraud Team supports by continuing to provide an efficient value for money anti fraud activity, that is able to investigate all referrals that are passed to us to an appropriate outcome, whilst continuing to offer support, advice and assistance on all matters of fraud risks including prevention, fraud detection, money laundering and criminal activity, deterrent measures whilst delivering a cohesive approach to the reflect best practice and support all the new corporate priorities and principles.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 It has been considered whether the issues involved are likely to raise significant levels of public concern or give rise to policy considerations. The proposals do not give rise to significant levels of public concern or give rise to policy considerations as they are about improving our current ability to address existing priorities.

## **5. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 The Corporate Anti Fraud Team is committed to promoting equality, challenging discrimination and developing community cohesion. This will be demonstrated through our Annual Report and our service delivery.
- 5.2 The Annual Report will have no adverse impact or diversity issues. CAFT have worked closely with the Benefits Service and communications in ensuring that forms and leaflets have been modified and adapted so that all members of the community, especially vulnerable groups, have an understanding of the services provided and reduce the likelihood of intentional or other fraud being committed.

## **6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

- 6.1 The London Borough of Barnet received subsidy funding from the Department of Work and Pensions (DWP) for the Administration of Housing and Council Tax Benefit. The CAFT receive a percentage of that funding for the prevention, detection and investigation of Housing and Council Tax Benefit Fraud and Error in the benefit System. In 2009/10 we received £653,256 which equates to an agreed 21.4% of the overall subsidy allocated to LBB.
- 6.2 Taking into account the above subsidy, the net budgeted cost for CAFT for 2009/10 was £177,465. However, due to an underspend of £186,767, CAFT has generated a small surplus of £9,302. (The underspend was due to a number of factors including savings on staff costs due to vacancies and secondments of £97,930, the overachievement of budgeted subsidy income and other income of £80,941 and running costs under spends of £7,896.)
- 6.3 The DWP have confirmed the subsidy amount for 2010/11 and it has been agreed that CAFT are to receive £620,541 (again representing 21.4% of the overall amount allocated to Barnet). Taking this subsidy amount into consideration the net budgeted costs for CAFT are set at £188,640. We have worked with our colleagues in Finance Service to realign our cost centre budget to more accurately reflect our costs against our subsidy and other income, and do not anticipate an underspend for 2010/11.
- 6.4 We must also consider potential real risk of 'in year' cuts to the above agreed amounts of subsidy funding from the DWP and work is underway within the council to deal with such risks. It must also be considered that there may be reduced subsidy funding from the DWP for 2011/12 and beyond, alongside any budget savings that the council will have to incur over the coming years, and we must anticipate the potential implications of this and recognise that this will no doubt have a impact on our future service delivery.

## **7. LEGAL ISSUES**

- 7.1 None identified outside the context of this report.

## **8. CONSTITUTIONAL POWERS**

- 8.1 The Constitution, Part 3, Paragraph 2, details the functions of the Audit Committee including, "To monitor Council policies on Raising Concerns at Work" and the anti-fraud and anti-corruption strategy.

## **9 BACKGROUND INFORMATION**

- 9.1 This report provides an overview of the performance of the Corporate Anti Fraud Team (CAFT) over the last year. It also summarises our funding, objectives and long term goals and challenges. The CAFT is a specialist investigative unit which was established in May 2004 to investigate allegations of Housing Benefit, Council Tax Benefit, Internal and Corporate Fraud within the London Borough of Barnet.
- 9.2 The aim of the team has always been to assist the Council in protecting the public purse through the facilitation of sound strategies, procedures and controls in the prevention, detection, investigation and deterrence of fraud and corruption, whilst also providing a bespoke comprehensive Fraud Awareness Training and Education programme throughout the organisation.
- 9.3 The work of the CAFT over the last 6 years means that there is a much stronger anti fraud culture across the London Borough of Barnet, however we recognise that we must continue to further develop this culture with awareness and media campaigns and strengthening of our partnership work.
- 9.4 Internal Audit undertook a review of the effectiveness of the team in 2009. We received a 'satisfactory' assurance level from Internal Audit, with some best practice recommendations; these recommendations have all now been implemented. In addition to this we have developed a much closer working relationship with Internal Audit ensuring improved liaison and a reporting framework.
- 9.5 Benchmarking results in relation to Benefit Fraud Sanctions for 2009/10 are included within the report and clearly show that Barnet are in the top quartile for London for sanction performance in 2009/10, and in addition to this results for actual achieved sanctions per investigator we are the best performing London Borough. This performance reflects the new working practices and structure that the team introduced in 2009/10 and full details of this, including a comparison to previous years performance are included within the report.
- 9.6 CAFT are currently working to develop and implement an ongoing risk based pro-active fraud programme. To do this we will be undertaking a full assessment of the of the current working arrangements in Barnet against the good practice guidance as set out in the Audit Commission 'Protecting the Public Purse, and CFIPA's red book 'Managing the risk of Fraud'. We will also be using our knowledge on past CAFT investigations, along with meetings with all directorates, outcomes from the 'fraud risk' questions on internal control checklist and generally known fraud risks to local authorities.

- 9.7 For the first time in 2009/10 we worked with Risk Management Team to include questions on fraud risks and fraud awareness on the Internal Control Checklist. The results of this checklist identified a high number of staff who have not received Fraud Awareness Training or service areas that have identified Fraud risks on there risks registers. In response to this and we have implemented an action plan to assist services with the issues they highlighted and to provide effective fraud awareness training to their staff.
- 9.8 CAFT are also involved in a new Public Sector Fraud Partnership (PSFP) Fraud Prevention steering group. This group has previously produced good practice guidance and toolkits for the Partnership. In 2010/11 the group will be focussing on issues highlighted in the PSFP survey as high risk and increasing areas of fraud, we will be starting with Procurement as this was the highest new area identified.
- 9.9 We feel confident that in the ever changing environment of fraud, with new fraud risks emerging constantly, that this new approach will enable us to develop robust pro active fraud plans. This will assist the diverse services within the Council strengthen their preventative fraud measures, followed with revised practices and procedures. We can then focus on the effectiveness of our investigations, whilst continuing to strengthen the Council's preventative fraud measures allowing us to effectively report and provide assurance on fraud risks and the effectiveness of our service to both the Audit Committee and the Council's Directors.

## **10. LIST OF BACKGROUND PAPERS**

- 10.1 None.

Legal: JL  
Finance: CM

# Corporate Anti Fraud Team (CAFT) Annual Report 2009/10

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# Introduction

This report provides an overview of the performance of the Corporate Anti Fraud Team (CAFT) over the last year. It also summarises our funding, objectives and long term goals and challenges. The CAFT is a specialist investigative unit which was established in May 2004 to investigate allegations of Housing Benefit, Council Tax Benefit, Internal and Corporate Fraud within the London Borough of Barnet.

The aim of the team has always been to assist the Council in protecting the public purse through the facilitation of sound strategies, procedures and controls in the prevention, detection, investigation and deterrence of fraud and corruption, whilst also providing a bespoke comprehensive Fraud Awareness Training and Education programme throughout the organisation.

The team operates within an approved Counter Fraud Framework which consists of a set of comprehensive documents, which detail the Council's Fraud Response Plan, Fraud Reporting Toolkit, Prosecution Policy and the Whistle Blowing Policy.

The work of the CAFT over the last 6 years means that there is a much stronger anti fraud culture across the London Borough of Barnet, however we recognise that we must continue to further develop this culture with awareness and media campaigns and strengthening of our partnership work.

This report shows that the scope of our work is wide and varied. As well as reacting too, and investigating the referrals made to us, we are working proactively to uncover areas of risk, assisting in the development of preventative measures and are hoping to achieve success by deterring potential fraudsters from even attempting fraud within the London Borough of Barnet in the first place.

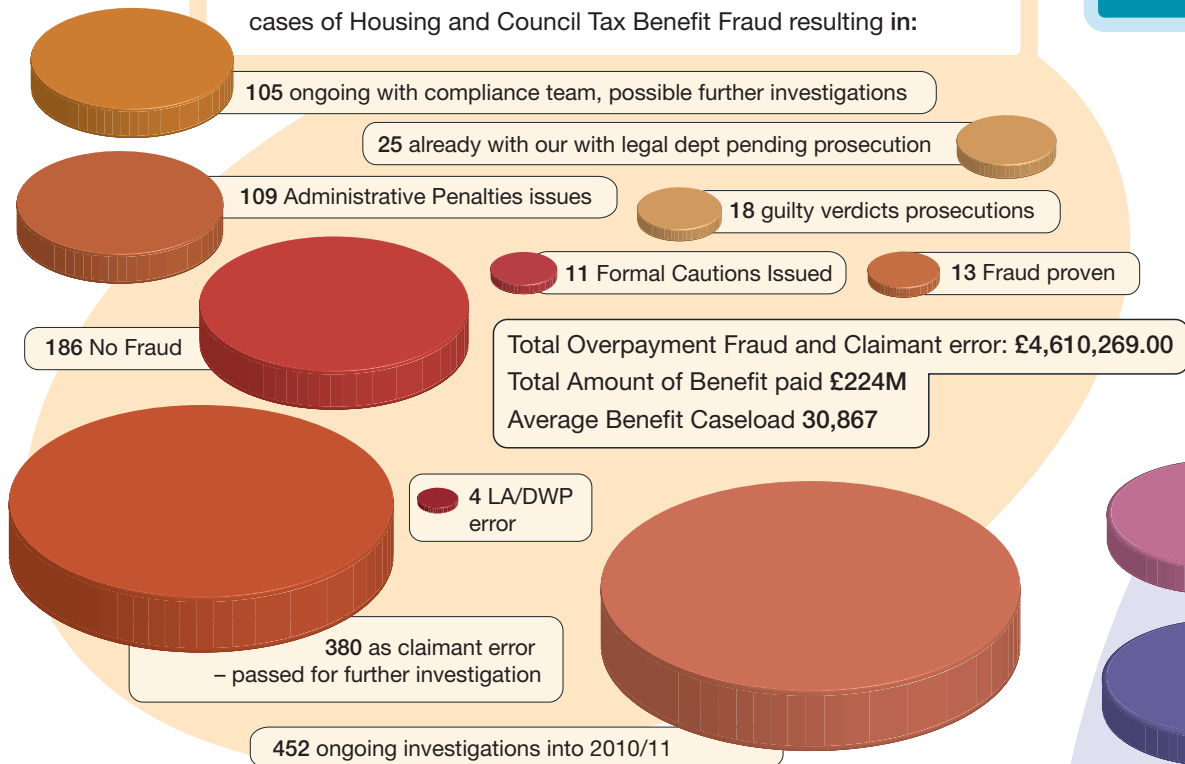
Clair Green  
Acting Corporate Anti Fraud Team Manager

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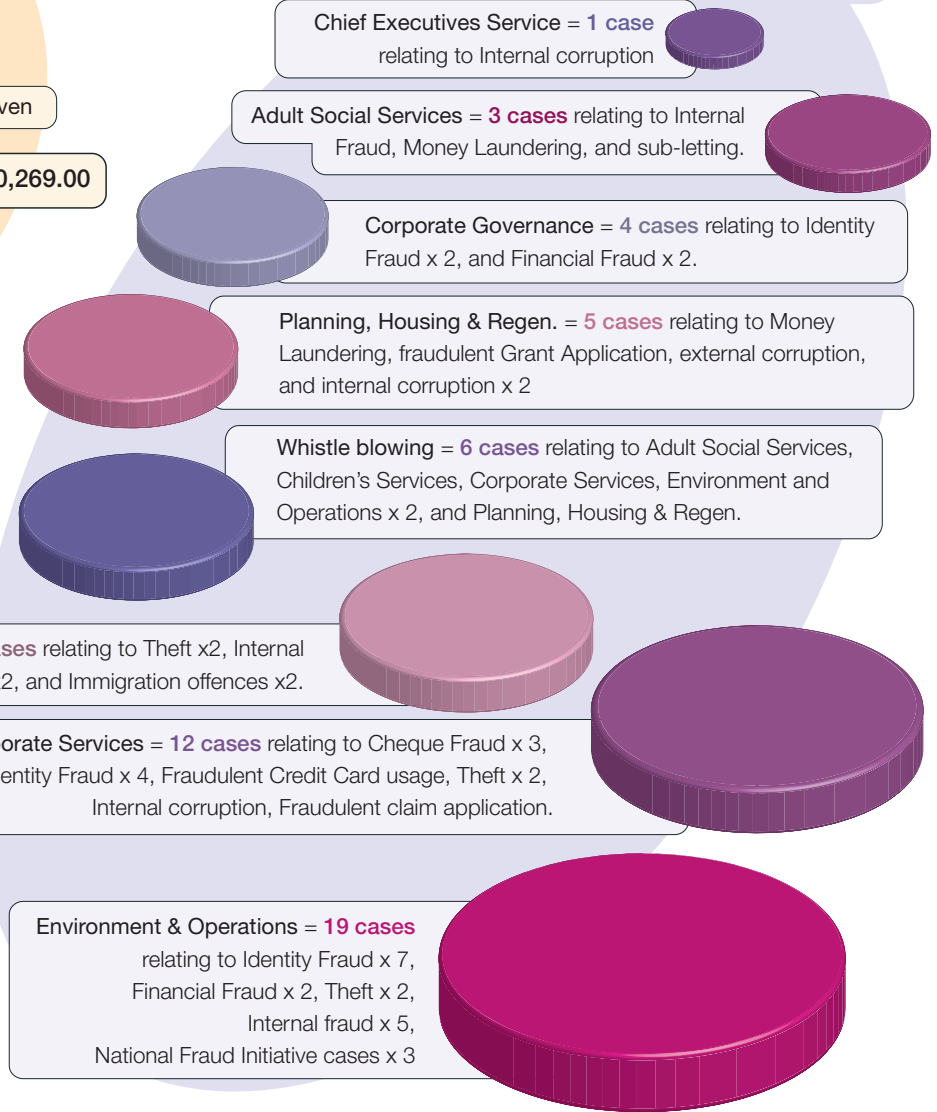


# Performance Summary 2009/10

**Benefit Fraud and Error statistics** - The team has investigated 826 cases of Housing and Council Tax Benefit Fraud resulting in:



**Corporate Fraud Statistics by Directorate**  
The team investigated a total of 87 cases:



## Blue Badge Fraud Figures

The team investigated a total of 138 cases:



# Counter Fraud Structure

This structure is temporary structure that was put in place in September 2009 due to staff secondments, workload pressure and the revision of current practices; this report will show that the structure has worked well and that the team has performed well over the past year particularly in the area of Housing and Council Tax Benefit Fraud.

The London Borough of Barnet receive subsidy funding from the Department of Work and Pensions (DWP) for the Administration of Housing and Council Tax Benefit. The CAFT receive a percentage of that funding for the prevention, detection and investigation of Housing and Council Tax Benefit Fraud and Error in the benefit System. In 2009/10 we received £653,256 which equates to an agreed 21.4% of the overall subsidy allocated to LBB.

Taking into account the above subsidy, the net budgeted cost for CAFT for 2009/10 was £177,465. However, due to an underspend of £186,767 CAFT has generated a small surplus of £9,302. The underspend was due to a number of factors including savings on staff costs due to vacancies and secondments of £97,930, the overachievement of budgeted subsidy and income and other income of £80,941 and running costs under spends of £7,896.

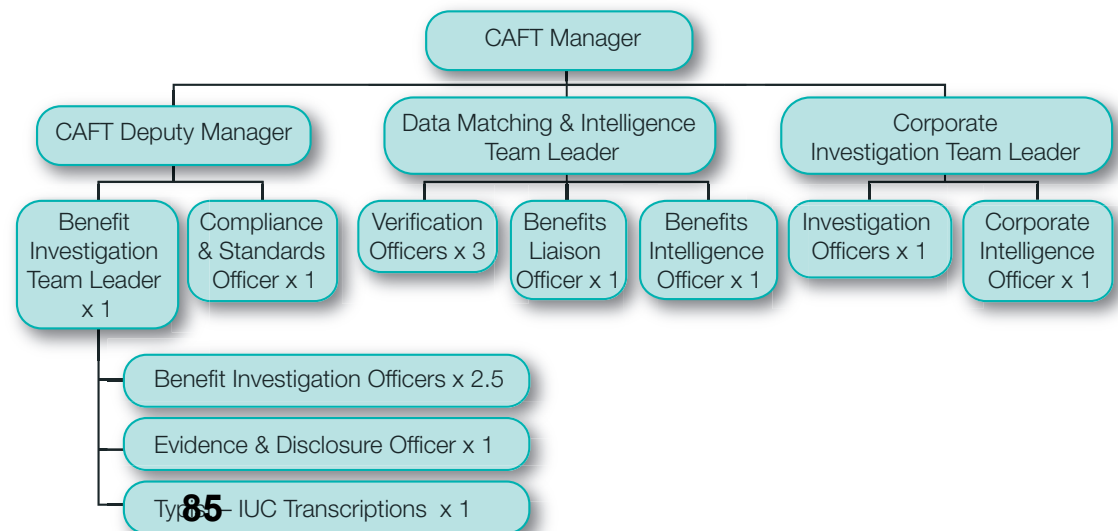
The DWP have confirmed the subsidy amount for 2010/11 and it has been agreed that CAFT are to receive £620,541 (again representing 21.4% of the overall amount allocated to Barnet). Taking this subsidy amount into consideration the net budgeted costs for CAFT are set at £188,640. We have worked with our colleagues in Finance Service to realign our cost centre budget to more accurately reflect our costs against our subsidy and other income, and do not anticipate an underspend for 2010/11.

We must also consider potential real risk of 'in year' cuts to the above agreed amounts of subsidy funding from the DWP and work is underway within the council to deal with such risks. It must also be considered that there may be

reduced subsidy funding from the DWP for 2011/12 and beyond, alongside any budget savings that the council will have to incur over the coming years, and we must anticipate the potential implications of this and recognise that this will no doubt have a impact on our future service delivery.

A further strain on our service delivery is that some CAFT officers also perform other roles within the authority; such as supporting the Elections project team in the 2010 Elections; supporting the Council's Emergency Planning Service and offering support when needed to other directorates. Whilst it is acknowledge that support is given to ensure that we use the diverse range of skills that the officers have across the authority it should be recognised that at times this has an effect upon our resources.

*The team has performed well over the past year particularly in the area of Housing and Council Tax Benefit Fraud.*



# Partnerships

CAFT have continued to develop a number of partnerships over the year.

CAFT have an excellent joint working relationship with the Jobcentre Plus. We have regular liaison meetings where we meet to discuss joint investigations, legislative changes and joint working strategies. We have attended open days in various offices within the Borough and Jobcentre Plus have attended open days held by ourselves. We will be undertaking proactive work between the two departments in the coming months. You will see elsewhere examples of successful joint working between the two departments.

We work and adhere to a Fraud Partnership Agreement with the Jobcentre Plus. This agreement sets out the principles for effective partnership working between the two departments. This agreement is in place until March 2011.

The Audit Commission is a public corporation in the United Kingdom. Their primary objective is to improve economy, efficiency and effectiveness in local government, housing and the health service. The CAFT works in partnership with the Commission for large projects like the 'National Fraud Initiative' which identifies possible fraud by way of matching personal data between all

government agencies as well as local authorities. In 2009/10 this initiative identified over 18,000 cases .

CAFT works closely with a number of different units within the Metropolitan Police Service. These include Safer Neighbourhood Teams from around the borough that assists with operations involving Blue Badge misuse. The Warrants Team who have a shared intelligence agreement with CAFT for the purpose of identifying and locating offenders for whom arrest warrants have been issued. The Payback Unit who advise and assist the CAFT Financial Investigators with cases relating to money laundering and the NPIA who monitor and advise on all the financial investigations undertaken by CAFT

CAFT currently have a UK boarder Agency Intelligence Officer embedded in the Team to carry out joint investigations and operations which include identifying and apprehending illegal workers in the council as well as assisting in the prevention and identification of illegal residents who are unlawfully claiming benefits.



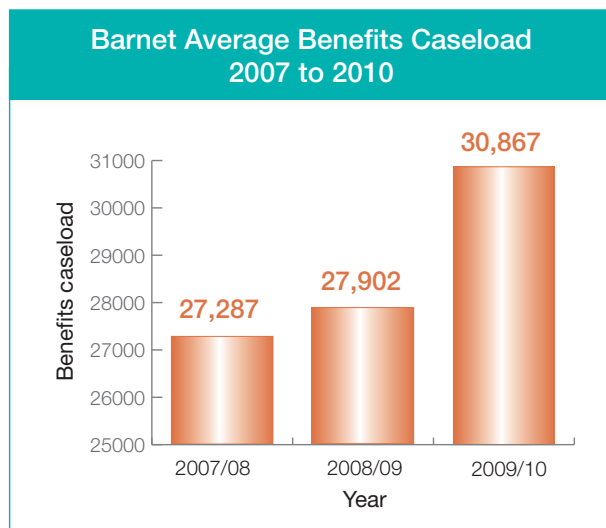
Working together for a safer London



# Benefit Fraud Analysis

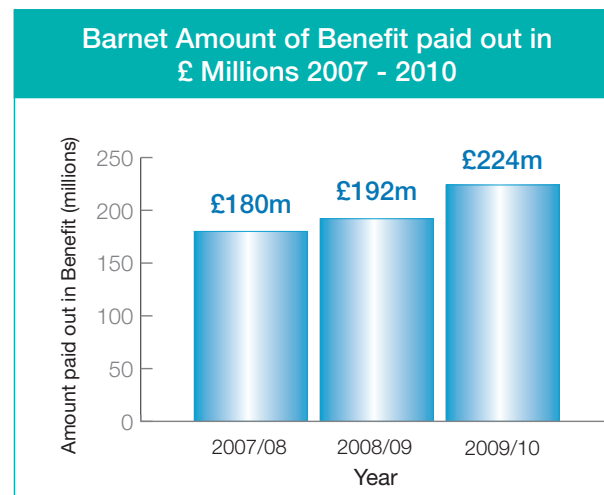
We have compared various data over the last three years as detailed below.

Barnet Average Benefits Caseload 2007 to 2010



In recent years we have encountered a national economic downturn and this is reflected here in the above graph. It shows that the number of benefit claimants in Barnet over the last 3 years has increased and that there has been an increase of 10.6% increase in 2009/10 alone.

Barnet Amount of Benefit paid out in £ Millions 2007 - 2010



This graph details the amount of Benefit paid out by Barnet in the last 3 years. As with the above graph this has risen in accordance with the increase of the number of benefit claimants within the borough.

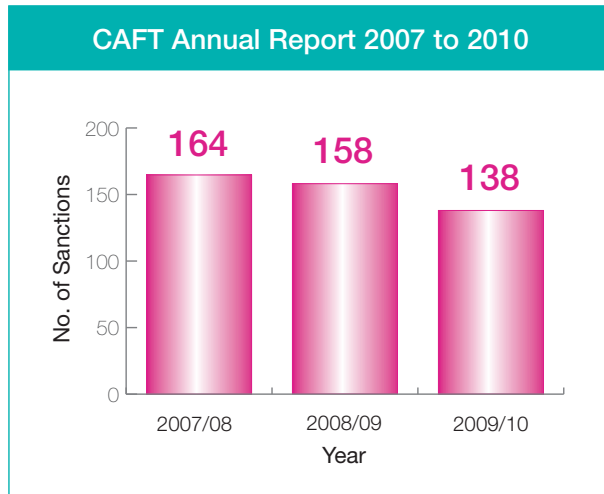
Amount of Fraud and Error identified in the Barnet's benefits System 2007 -2010



This graph below details the amount of benefit fraud and error overpayments identified in the last 3 years. It shows the overall amount that has been identified and CAFT's contribution to that amount.

The DWP issued statistics in 2008/9 that stated that combined level of fraud and error in the Housing Benefit system in the UK was 2.2%. In comparison to this Barnet's combined level of fraud and error in our benefit system is shown to be 2.1% (£4,610,269.00).

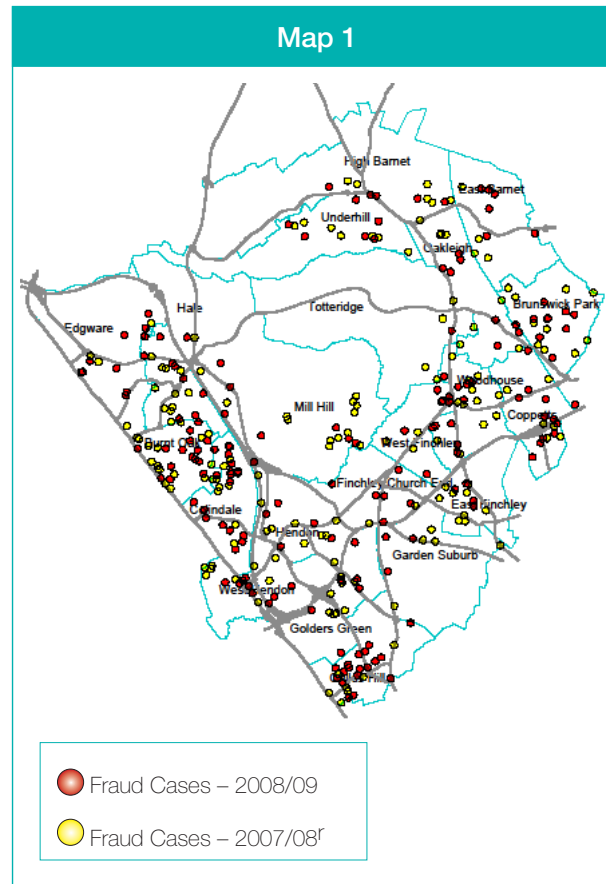
## CAFT Sanctions 2007 to 2010



This graph shows the number of benefit sanctions administered by CAFT in the last 3 years. (A sanction is classified as a “successful prosecution, an administrative penalty or a formal caution”) While there has been a reduction in the number of sanctions during 2009/10, we believe that this has been to the reduction of investigation officers working in the area of benefit fraud and not the actual reduction of fraud in the benefits system. The benchmarking graph later will show that we have made great achievements in the number of sanctions we have achieved in view of the number of benefit investigators in the team.

### Map 1:

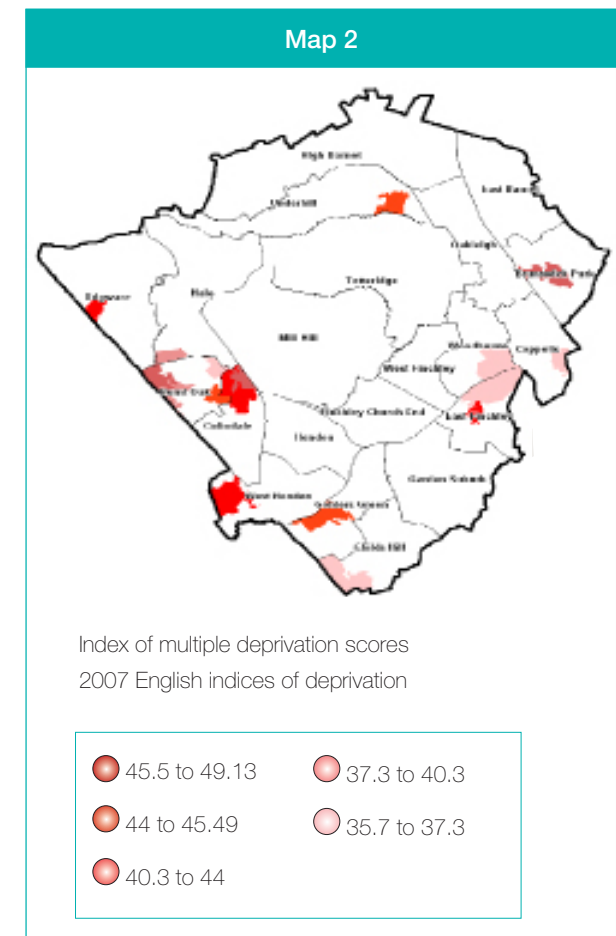
The Council's Crime Intelligence Analyst has analysed all Benefit Fraud and Error data for 2009/10 below. A dot map showing the locations with a high concentration of Housing Benefit Fraud Sanctions by the Barnet CAFT in 2007/08 and 2008/09



### Map 2:

The 20 most deprived Lower Super Output Areas in Barnet (see overleaf - based upon Index of Multiple Deprivation Figures for 2008) . Those areas with a high concentration of fraud sanctions in 2009/10 appear to correlate with the areas identified in the two previous years. Most notably this is in the west of Barnet around Burnt Oak and Colindale wards but also stretches up into Hale and Edgware wards and south into West Hendon.

Map 2 shows that the results of the latest index of multiple deprivation map for Barnet and the 20 Lower Super Output Areas which came out as the most deprived in the borough. There is obvious correlation between those areas of known deprivation and those areas which over the last three years have seen the highest concentration of sanction by the Barnet CAFT team.



# Benchmarking

This exercise was undertaken by the Society of London Treasurers in April 2010 in relation to the performance of London benefit fraud teams.

	Authority	Total	Caseload (approx)	Sanctions per 1,000 caseload	FTE Investigators	Sanctions per IO
1	Barking & Dagenham	62	24500	2.53	6.5	9.5
2	Barnet	138	31000	4.45	3.5	39.4
3	Bexley	75	18500	4.05	3	25.0
4	Brent	81	40000	2.03	4.75	17.1
5	Bromley	112	20000	5.60	5	22.4
6	Camden	157	29000	5.41	5.5	28.5
7	City of London	9	1200	7.50	1	9.0
8	Croydon	130	35000	3.71	5	26.0
9	Ealing	127	32000	3.97	5	25.4
10	Enfield	156	37000	4.22	7.5	20.8
11	Greenwich	112	28000	4.00	9.6	11.7
12	Hackney	53	42000	1.26	6	8.8
13	Hammersmith & Fulham	88	22000	4.00	5	17.6
14	Harrow	56	16700	3.35	3.5	16.0
15	Havering	100	18500	5.41	5	20.0

	Authority	Total	Caseload (approx)	Sanctions per 1,000 caseload	FTE Investigators	Sanctions per IO
16	Hillingdon	107	26000	4.12	4	26.8
17	Hounslow	44	24000	1.83	5.5	8.0
18	Islington	88	31000	2.84	5.5	16.0
19	Kensington & Chelsea	87	17000	5.12	4	21.8
20	Kingston	57	10000	5.70	3	19.0
21	Lambeth	81	42000	1.93	5.8	14.0
22	Merton	74	15500	4.77	5.75	12.9
23	Newham	208	42000	4.95	8	26.0
24	Redbridge	111	22500	4.93	7.5	14.8
25	Richmond	31	11000	2.82	2.5	12.4
26	Southwark	110	39000	2.82	7.5	14.7
27	Sutton	141	15500	9.10	4	35.3
28	Tower Hamlets	187	36,883	5.07	9	20.8
29	Waltham Forest	118	32100	3.68	8	14.8
30	Wandsworth	87	28800	3.02	6	14.5
31	Westminster	119	25000	4.76	4	29.8

Benchmarking for corporate internal investigations is very difficult to measure. The Public Sector Fraud Partnership undertake a annual survey in this area but is difficult to compare the relationship between outcomes, costs, set up and operational areas as each organisations differ so much. Some organisations have one corporate anti fraud team which operates alone, such as we do here 'one area' fraud teams based within the separate services such as benefits, housing and blue badge services, whilst some outsource their internal investigations.

# Data Matching and Intelligence

A large number of the fraud referrals that the team deals with originate from data matches.

*The External Auditors letter 2008/9 have assessed that 'satisfactory' progress has been made in the area of the NFI data matches.*

We co-ordinate and resolve the Department of Work and Pensions (DWP) Housing Benefit Data Matching Service (HBDMS) within the Council. The HBDMS matches the data held on the benefits system against data held by all other Local Authorities and Government Organisations, identified discrepancies are passed to CAFT to examine and investigate. These data-matches greatly assist the Verification Team in their role in safeguarding the Benefit System against fraud and error. The officers worked very closely with the Benefit Investigators in CAFT and resolved 1,841 data-matches. We have responded to 427 data protections requests from other agencies such as the Police, DWP and other local authorities, for information held within the Councils various systems and data bases for the prevention and detection of fraud.

The also CAFT co-ordinates the Audit Commissions National Fraud Initiative data matching exercise. In 2008/9 the London Borough of Barnet received 18,078 matches in total which the CAFT co-ordinate. The matches cover all areas with the council and it is noted in the External Auditors letter 2008/9 that they have assessed that 'satisfactory' progress has been made in this area and continues to be made.

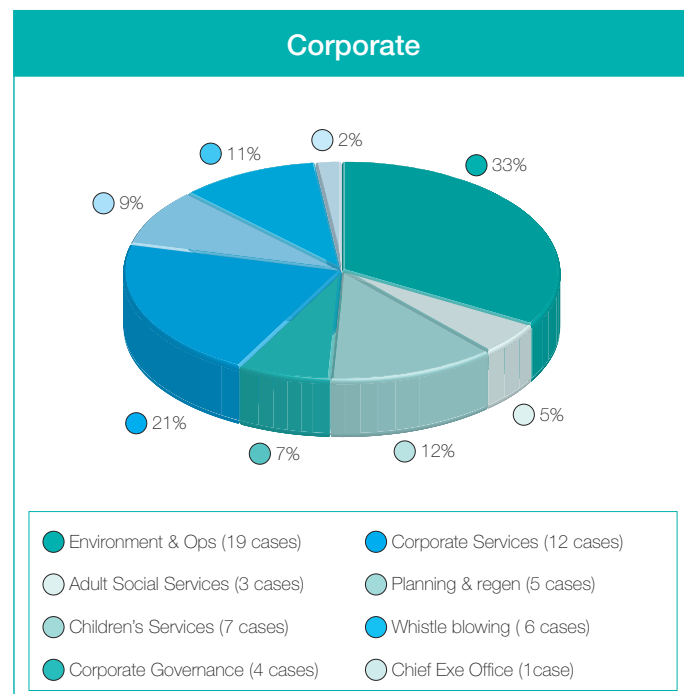
In 2010/11 CAFT alongside the Revenues and Benefits service have been requested by the Audit Commissions National Fraud Initiative team to participate in a pilot with the involving National Non Domestic Rates (NNDR) data. We anticipate that taking part in this pilot will give Barnet positive publicity whilst will enabling us to ensure that we are at the forefront of tackling business rate fraud and be ahead of the game when the matches are realised next year. The types of abuse the pilots will include are; Empties relief by matching to Companies House data; Charitable relief - Charity Commission data; Small business rates - VOA data; Other matches where loss of business rates could be identified e.g. illegal hoardings and other possible frauds e.g. HB claimants running a business and not declaring income

# Internal Corporate Fraud Analysis

We receive fraud referrals from all of the directorates across the authority as well as via whistle blowing. These referrals do not necessarily relate to staff investigations within the originating directorates

## Referral Source

This graph represents the number of Corporate Referrals broken-down by directorate that we received in 2009/10 totalling 57. The different Fraud Types are listed below:-



**Environment & Operations:** 19 cases relating to Identity Fraud x7, Financial Fraud x2, Theft x2, Internal fraud x5, National Fraud Initiative cases x3

**Adult Social Services:** 3 cases relating to Internal Fraud, Money Laundering, and sub-letting.

**Children's Services:** 7 cases relating to Theft x2, Internal Fraud, Cheque fraud, ID Fraud x2, and Immigration offences x2.

**Corporate Governance:** 4 cases relating to Identity Fraud x2, and Financial Fraud x2.

**Corporate Services:** 12 cases relating to Cheque Fraud x3, Identity Fraud x4, Fraudulent Credit Card usage, Theft x2, Internal corruption, Fraudulent claim application.

**Chief Executives Service:** 1 case relating to Internal corruption.

**Planning, Housing & Regen:** 5 cases relating to Money Laundering, fraudulent Grant Application, external corruption, and internal corruption x2.

**Whistle blowing:** 6 cases relating to Adult Social Services, Children's Services, Corporate Services, Environment and Operations x2, and Planning, Housing & Regeneration.

Some of these investigations are still ongoing into 2010/11. This year we have upgraded our Fraud Management database so that we will be able to define and categorise the outcomes of each investigation more clearly for reporting purposes and we will be also able to analyse the hours spent / cost of each investigation to ensure that resources within the team are appropriately deployed.

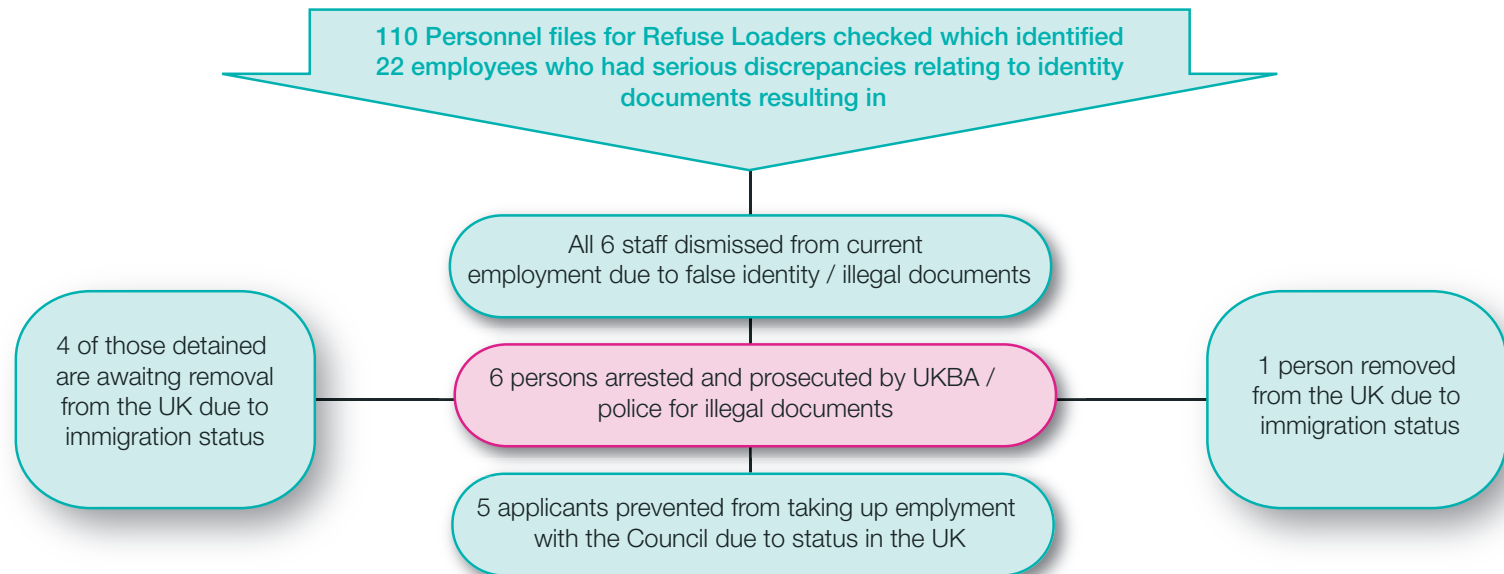


# Operation Gremlin

This Operation relates to an investigation into the employment of staff within the Street Scene Department of Environment and Operations Directorate who did not have the right to work in the UK.

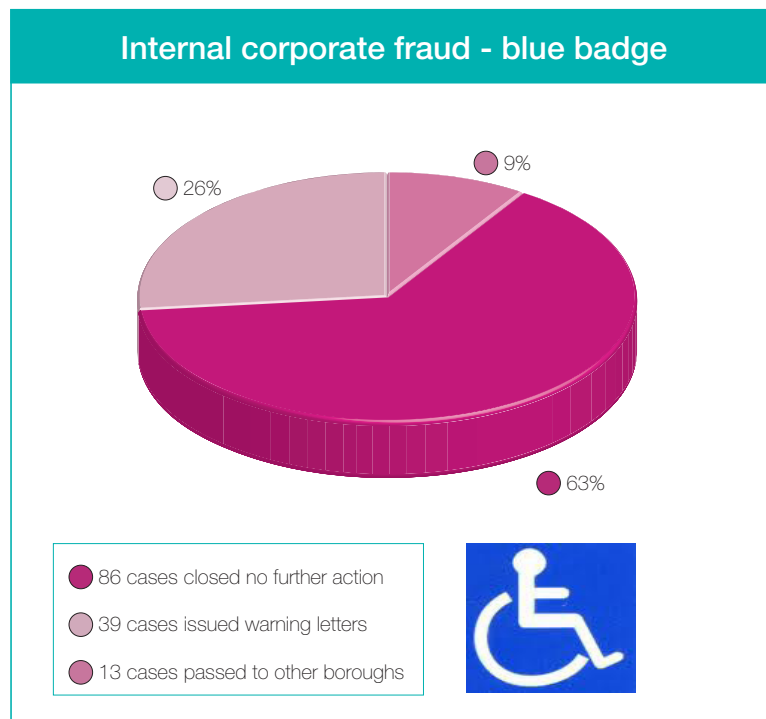
As a result of two previous investigations where illegal workers had been identified in the Street Scenes department, an joint exercise was conducted, lead by CAFT with assistance from HR and Environment and Operations. This exercise was specifically to check that the documentation held for employees who required permissions to work in the UK, was correct and genuine.

The results are listed below:



# Internal Corporate Fraud –Blue Badge

The Blue Badge Scheme allows genuine disabled persons to park, in most places, free from normal parking restrictions and in many cases free of charge and without limit of time. The scheme is administered by Local Authorities on behalf of the Department for Transport and operates throughout the European Union. In Barnet the scheme is administered within Adult Social Service directorate; Assisted Travel Team. CAFT deal with the referrals of misuse and fraudulent applications.



It is clearly stated on a disabled blue badge that misuse may constitute a criminal offence, which is contrary to the Road Traffic Regulations Act 1984 and if convicted the offender can receive a maximum fine of £1000.

CAFT have been involved in five Blue Badge Operations this year with the Metropolitan Police.

During these five operations there were 2 arrests, 14 Blue Badges were seized and 2 Fixed Penalty Notices (FPNs) were issued by the Police. There are 6 cases from these operations currently going through our legal team with a view to prosecuting them under the Road Traffic Regulations Act 1984.

During the last year the Corporate Investigation team has:-

- Received 138 referrals alleging misuse of Blue Badge.
- Of those, 86 cases have been closed as no evidence of misuse found.
- 39 offenders received a warning letter for the misuse.
- 13 cases referred to other Local Authorities as the misuse offence was committed within their borough.

For 2010/11 CAFT are currently have a project underway for the review of Blue Badge misuse and fraud practices.

# Publicity

We continue to work closely with our Communications Team to assist us in the strengthening of our anti fraud culture by ensuring that the serious consequences of our fraud investigations and prosecutions are publicised.

We understand that this publicity plays an important part in deterring those who may commit or seek to commit fraud, and in some circumstances may also prevent them from doing so.

*Publicity plays an important part in deterring those who may commit or seek to commit fraud.*

## Operation DIPLOMAT

A former temporary administrative assistant within the Student Awards Service input a false claim for a student loan which resulted in the employee obtaining a loan of £5,147 from the student loans company to her own bank account. Notification was received from the student loans company of the loan and after further checks the manager recognised the name as that of the employee, made some further checks and then referred the case to CAFT.

CAFT made checks via IT as to who had input the loan details onto the computer system. It transpired that the staff member whose log in had been used was off 'sick' on the day the loan application had been input. CAFT officers conducted a full investigation and subsequently obtained sufficient evidence to put criminal charges to the ex temporary employee.

She was Prosecuted and pleaded guilty in Court to 'Fraud by abuse of position' (Fraud Act 2006). She was sentenced to 4 months imprisonment (suspended for an 18 month period) and ordered serve 200 hours community service to repay the full amount back to the student loan company with costs paid to LBB.

## Operation FUEGO

This relates to a joint National Fraud Initiative (NFI) investigation with the UK Border Agency (UKBA) regarding a London Borough of Barnet employee who was illegally working as a Town keeper at the Mill Hill Depot. In September 2009 information relating to this employee was extracted from the National Fraud Initiative Database. This information showed that there was a discrepancy with his visa and that he may be an illegal worker. Checks conducted with the UK Border Agency confirmed that the employee was not legally granted 'Indefinite Leave to Remain' in the UK and that he had in fact entered the UK by using a false document.

In October 2009 UKBA and CAFT officers attended the Mill Hill Depot for the purpose of interviewing the employee and to obtain details of his status. As a result of the information gained the employee was arrested for offences contravening the Immigration Act 1971. The UKBA confirmed that the employees continued detention was authorised by a Chief Immigration Officer so that more detailed enquiries could be initiated.

Barnet councils HR department sent a letter to the employees address advising that due to the events of that day and the evidence presented he was being dismissed from his post as a Refuse Loader.

It was later confirmed by the UKBA that the employee was deported back to Ghana on 18th December 2009

## Mr Joseph Saifi

This investigation relates to a referral received from the Benefits Service querying whether the tenancy was contrived. Checks showed that dependant was actually also the daughter of the landlady of the property, an Olga Julio. Mr Saifi was interviewed under caution and when asked if his child was related to his landlady, he admitted when shown the birth certificate that he had a short relationship with the landlady and the child was as a result of this relationship.

Further checks discovered a second child and a business link between Mr Saifi and Olga Julio. Mr Saifi was interviewed under caution on two further occasions and admitted the second child was theirs and didn't inform the benefits section of business links as they did not ask.

Total overpayment of housing and council tax benefit was £52,000. Mr Saifi pleaded guilty at Wood Green Crown Court and was sentenced to 15 months imprisonment.

### Ms Delphine Ighile

This investigation relates to a referral from the Benefits Service concerning discrepancies on the tenancy agreement. The tenancy agreement given to the Council Tax Section was different to that given on housing benefit claim.

Further checks showed another benefit claim by Ms Ighile with landlord of Charles Obidaru in Brent. A joint operation was undertaken involving Brent Council, DWP and CAFT. Total overpayment was in excess of £84,000, of which £34,000 was in respect of Barnet Council. Checks were undertaken that showed Mr Obidaru and Ms Ighile were a couple and owned 5 properties.

Ms Ighile was found guilty and sentenced to 24 months community rehabilitation order. Confiscation proceedings under the proceeds of crime act 2002 are still ongoing.

### Mrs Michelle Rust

A review form was sent to Mrs Rust which was returned on 6th June 2008, this showed a number of changes in her circumstances including, she had got married, had another child, was currently on maternity leave and her husband's increase in salary.

Mrs Rust was in receipt of housing benefit with effect from 2005, she was a private tenant and benefit were paid directly to her landlord. Mrs Rust was

interviewed under caution, she stated she had made a claim for benefits as she was on a low income and needed help to pay her rent, she was fully aware of the need to inform the housing benefit department of changes in her circumstances, which she had previously done, however forgot to inform them of the changes stated above.

The case was re-assessed for the period 5th February 2007-8th June 2008, this created a housing benefit overpayment of £8,252.81. The matter was heard at Hendon Magistrates Court, Mrs Rust pleaded guilty and was sentenced to two years conditional discharge, with costs of £800.

### Miss Rabiya Jinnah

This was a joint investigation with the DWP, allegation was that Miss Jinnah was working as a nanny. She was claiming housing and Council Tax benefit, in addition to income support and disability allowance.

Evidence was obtained from her employers showing she had been working as a nanny in their household for over 2 years and pictures were provided showing Miss Jinnah playing with the children. She was interviewed under caution and was adamant that she only worked one day per month for the family.

The total overpayment was in excess of £33,000, of which £17,162.67 was in respect of housing and council tax benefit. Miss Jinnah pleaded guilty at Wood Green Crown Court and was sentenced to 4 months imprisonment, suspended for 2 years, a 2 year supervision order and ordered to attend an ESOL course (English for speakers of other languages).

# Identifying the risks – 2010/11

*It has never been more important that councils fight fraud because every pound lost to cheats is a pound that can be used for people in real need.*

*(Steve Bundred, former Chief Executive of the Audit Commission)*

Despite all the good publicity and communication we understand that the some individuals will still attempt to commit fraud within Barnet.

This is why the following exercise is ongoing into 2010/11. We are working to develop and implement an ongoing risk based pro-active fraud programme. To do this we will be undertaking a full assessment of the of the current working arrangements in Barnet against the good practice guidance as set out in the Audit Commission 'Protecting the Public Purse, and CFIPA's red book 'Managing the risk of Fraud'. We will also be using our knowledge on past CAFT investigations, along with meetings with all directorates, outcomes from the 'fraud risk' questions on internal control checklist and generally known fraud risks to local authorities.

Internal Audit undertook a review of the effectiveness of the team in 2009. We received a 'satisfactory' assurance level from Internal Audit, with some best practice recommendations; these recommendations have all now been implemented. In addition to this we have developed a much closer working relationship with Internal Audit ensuring improved liaison and a reporting framework.

For the first time in 2009/10 we worked with Risk Management Team to include questions on fraud risks and fraud awareness on the Internal Control Checklist. The results of this checklist have shown that there are a large number of staff who have not received Fraud Awareness Training and Service areas that have not identified Fraud risks on their risk register. In response to this we have implemented an action plan to assist services with the issues they highlighted and to provide effective fraud awareness training for their staff.

CAFT are also involved in a new Public Sector Fraud Partnership (PSFP) Fraud Prevention steering group. This group has previously produced good practice guidance and toolkits for the Partnership. In 2010/11 the group will be focussing on issues highlighted in the PSFP survey as high risk and increasing areas of fraud, we will be starting with Procurement as this was the highest new risk area identified for local authorities.

We feel confident that in the ever changing environment of fraud, with new fraud risks emerging constantly, that this new approach will enable us to develop robust pro active fraud plans. This will assist the diverse services within the Council strengthen their preventative fraud measures, followed with revised practices and procedures. We can then focus on the effectiveness of our investigations, whilst continuing to strengthen the Council's preventative fraud measures allowing us to effectively report and provide assurance on fraud risks and the effectiveness of our service to both the Audit Committee and the Council's Directors.

