

**AGENDA ITEM: 15**

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|----------------|---|
| Meeting        | Audit Committee   |
| Date           | 16 June 2011  |
| <b>Subject</b> | <b>Corporate Anti Fraud Team Annual Report 2010-11 and Service Plan 2011-12</b>                                 |
| Report of      | Acting Head of the Corporate Anti Fraud Team (CAFT) and Director of Corporate Governance                        |
| Summary        | The Committee is asked to consider and endorse the CAFT Annual Report 2010-11 and CAFT Service Plan for 2011-12 |

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| Officer Contributors   | Clair Green, Acting Head of the Corporate Anti Fraud Team<br>Jeff Lustig, Director of Corporate Governance |
| Status (public or exempt)                                    | Public   |
| Wards affected   | Not applicable   |
| Enclosures   | Appendix 1: CAFT Annual Report 2010-11<br>Appendix 2: CAFT Service Plan 2011-12                            |
| 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 endorses and comments on the Corporate Anti Fraud Team Annual Report 2010-11 and Corporate Anti Fraud Team Service Plan for 2011-12.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Delegated Powers Report (ref: BT/2004-05 -2 March 2004) - The Corporate Anti Fraud Team (CAFT) was launched on 7th May 2004.
- 2.2 Audit Committee 24 March 2011 (Decision item 10) – the Audit Committee included in the work programme for 2011/12, that an Annual Report on the work of the Corporate Anti- Fraud Team be produced to this meeting.
- 2.3 Audit Committee 24 March 2011 (Decision item 9) – the Audit Committee approved the joint Internal Audit (IA), Risk Management (RM) and CAFT Annual Plan for 2011/12.

## **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.
- 3.2 The Council 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 this 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, other criminal activity, and deterrent measures whilst delivering a cohesive approach that reflects best practice and supports all the new corporate priorities and principles.

## **4. RISK MANAGEMENT ISSUES**

- 4.1 The ongoing work of the CAFT supports the Council risk management strategy and processes. Where appropriate outcomes from our Investigations are reported to both IA and RM to support their ongoing work and to assist in either confirming effective anti fraud risk management or suggest areas for improvement. This joint work with IA and RM feeds into the assurances that are given to Directors, that managers and controls are effective in managing the anti fraud risks within a service.

## **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 an annual report and our service delivery.

5.2 CAFT assess each individual investigation as appropriate with regard to the impact of differential aspects on different groups of individuals.

5.3 This report will have no adverse impact on equalities or diversity issues. CAFT continue to work with both the Benefits Service and Communications Team 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 In April 2011, the CAFT underwent a successful process of restructuring the team, this restructure was necessary for the team to continue to meet the changing needs of the service whilst still achieving an excellent service that is robust, professional, value for money and fit for purpose. Furthermore, this restructure delivers the realignment of CAFT services so that the team can embrace the corporate priorities and the significant changes promoted under the Council's One Barnet programme in order to fully meet the changing needs and demands of the Council, its clients, stakeholders and partners (DWP, Barnet Homes, Police and UKBA)

6.2 The Council receives 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.

6.2.1 In 2010/11, CAFT received £620,590 (representing 21.4% of the overall amount allocated to Barnet). Taking this subsidy amount into consideration, the net budgeted costs for CAFT were £178,280.

6.2.2 For 2011/12, CAFT will receive £575,507 (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 £157,133.

## **7. LEGAL ISSUES**

7.1 None identified within 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 Attached to this report is Appendix A which is the CAFT Annual Report for 2010/11. The aim of the report is to provide an overview of the performance of the Corporate Anti Fraud Team (CAFT) over the last 12 months, along with

review of the preventative anti fraud work that has taken place and a summary of some of the investigations of the team and an update on our ongoing partnership work.

- 9.2 Previously, the Committee have been provided with separate Internal Audit and CAFT annual plans. However, in March of this year, CAFT, IA and RM presented a joint annual work plan to signify the new way in which we now work in practice: a joined up approach in ensuring the Council has robust processes to improve its internal control environment and anti fraud arrangements – this plan was approved by the Committee. Further to that plan, and attached as Appendix B, is the CAFT service plan which further details a number of work streams and projects that the CAFT intend to undertake in 2011/12 in addition.
- 9.3 Members should be satisfied that the report and service plan will assist them in making their assessment of the anti fraud internal control environment prior to approving the attached documents.

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

- 10.1 None.

Legal: MM

CFO: MC

# Corporate Anti Fraud Team (CAFT) Annual Report 2010/11

# Introduction

The Corporate Anti Fraud Team (CAFT) has been established within Barnet for 7 years. During that time we have strived to develop and promote a strong anti fraud culture across the council, its staff, partners and residents. We are confident that we continue to provide an efficient value for money counter fraud service, that is able to investigate all referrals that are passed to us to an appropriate outcome. We continue to offer support, advice and assistance on all matters of fraud risks including prevention, fraud detection, money laundering and criminal activity and deterrent measures whilst delivering a cohesive approach to reflect best practice which also supports the corporate priorities and principles.

In April 2011, after a considerable consultation period CAFT underwent a successful process of restructuring. This restructure was necessary for the team to continue to meet the changing needs of the service whilst still achieving an excellent service that is robust, professional and fit for purpose. The restructure saw the creation of 3 separate teams within the CAFT: Benefit Compliance; Benefit Investigation and Corporate Fraud. This reflects the realignment of CAFT services and allows the team to embrace the corporate priorities and the significant changes promoted under the Council's One Barnet programme so as to fully meet the changing needs and demands of the Council.

We recognise that we must continue to always develop the team and staff within this new structure with new innovative streamlined working practices culminating in the strengthening of our skills and partnership work. As such, we will soon be launching our new 'e' learning fraud awareness training programme across the Council with an internal publicity campaign to run concurrently. CAFT Investigation, Intelligence and Compliance staff are currently in the process of upgrading their investigation qualifications to the BTEC professional investigation certificate. Over the last year, our Financial Fraud Investigators have continued to achieve their accreditation in financial investigation through continued professional development which is assessed and monitored by the National Policing Improvement Agency (NPIA).

The London Borough of Barnet receives subsidy funding from the Department of Work and Pensions (DWP) for the administration of Housing and Council Tax Benefit. The CAFT continue to receive a percentage of that funding for the prevention, detection and investigation of Housing and Council Tax Benefit Fraud and Error. The release of the new DWP strategy in October 2010 will have a significant and radical impact on the future of benefit investigation. Under the new strategy, the recently announced DWP 'new single benefit investigation service' is scheduled to see the transfer of responsibility for investigation of all Benefit Fraud and Error to the DWP by 2013 - 2015. It is anticipated that the implementation of the new 'universal credit' will see the responsibility for administering all welfare benefits transfer from local authorities to the DWP by 2017.

This report provides some examples of investigations that we have undertaken in the last year and demonstrates that the work we have been doing with our partners has been successful. It aims to demonstrate that, at a time when the Council has to make difficult decisions about how to manage expenditure with significantly reducing budgets, the continued work and development of the CAFT provides an overall assurance that the anti fraud controls are effective in identifying managing and fraud risks within the Council.

# Benefit Compliance Team

This team deals with identifying and correcting error in our benefits system through various methods including dealing with the Department of Work and Pensions (DWP) Housing Benefit Data Matches (HBDMS) and the Audit Commissions (AC) National Fraud Initiative (NFI) Benefit Matches. The team conduct assessments of benefit which may result in an overpayment which is then passed to our Benefit Investigation team to further investigate and identify fraudulent claims.

| Performance Table  | Q1 2010/11  | Q2 2010/11  | Q3 2010/11  | Q4 2010/11  | 2010/11 Total | Total 2009/10 |
|--|-------------|-------------|-------------|-------------|---------------|---------------|
| Number of HBDMS matches received                                       | 400         | 795         | 550         | 0           | 1745          | 1841          |
| Total Number of Compliance benefits assessments                        | 169         | 287         | 295         | 114         | 865           | 684           |
| Number of assessments which resulted in no change or increased benefit | 27          | 79          | 66          | 69          | 241           | 135           |
| Total Amount of Fraud overpayments identified                          | £112,601.07 | £168,113.98 | £135,092.95 | £34,130.00  | £449,938.00   | £544,621.86   |
| Number of assessments were o/p under £500                              | 0           | 1           | 1           | 0           | 2             | 0             |
| Number of assessments were o/p is £500 - £2000                         | 6           | 8           | 16          | 0           | 30            | 38            |
| Number of assessments were o/p is £2001 -£4000                         | 6           | 15          | 18          | 2           | 41            | 25            |
| Number of assessments were o/p is £4001 and above                      | 7           | 16          | 14          | 2           | 39            | 26            |
| Total amount of Error overpayments Identified                          | £149,555.07 | £246,945.02 | £148,921.93 | £71,550.99  | £616,973.01   | £587,010.49   |
| Number of assessments were o/p under £500                              | 65          | 94          | 110         | 2           | 271           | 255           |
| Number of assessments were o/p is £500 - £2000                         | 39          | 54          | 51          | 26          | 170           | 126           |
| Number of assessments were o/p is £2001 -£4000                         | 16          | 13          | 13          | 12          | 54            | 60            |
| Number of assessments were o/p is £4001 and above                      | 3           | 7           | 6           | 1           | 17            | 19            |
| Total amount of Fraud and error overpayments identified                | £262,156.14 | £415,059.00 | £284,014.88 | £105,680.99 | £1,066,911.00 | £1,131,632.35 |
| Total amount recovered by Benefits Service – Overpayment Recovery Team | £72,747.77  | £55,550.81  | £37,279.90  | £7,194.92   | £172,773.40   | £128,298.58   |

The performance table identifies that there have been 39 separate assessments that have resulted in a fraudulent overpayments higher than £4001; All of these have been investigated by Benefits Investigations team and to date 2 of these have resulted in prosecutions with guilty verdicts, 18 administrative penalties issued and 1 formal caution issued. A further 9 cases have been passed to our legal team for prosecution and 3 are with the DWP legal team. 1 case was closed as fraud proven with no further action being taken and 5 cases are ongoing investigations.

The largest of the fraudulent overpayment figures identified above relates to a single overpayment of £30,065.71. This case has been investigated by CAFT and is now with our legal department for prosecution and is at present with the Courts. Further details of the investigation cannot be published at this stage – however, it should be noted that in this particular case CAFT have, for the first time, successfully applied to the Crown Court for a Restraint Order under the Proceeds of Crime Act. The restraint was granted on the defendant's assets in order to secure full compensation of the benefit overpayment for Barnet on conclusion of the ongoing criminal prosecution proceedings.

There have been a further 17 assessments which identified claimant error benefit overpayments of over £4001 of which 8 were referred for Investigation, 3 are still ongoing, and 5 have subsequently been closed as no fraud/claimant error. There were 9 cases that, due to the circumstances of the overpayment, were not referred for investigation as they were closed as claimant error with overpayment recovery.

In 2010, the Council's revenue & benefit software provider changed from Anite to Civica. The previous system Anite has not been in use since December 2010 as there was a period of time required for the benefits data to be transferred between the old and new systems. Whilst this data transfer was ongoing Barnet were unable to run the Single Housing Benefit Extract (SHBE) which are the data returns that are sent monthly to the DWP from which HBDMS matches are derived. Therefore, no matches were received into the team during this period. This has had a detrimental effect on the Compliance team's performance in quarter 4 as assessments /amendments to benefit claims could not be conducted. The new system was available for use around mid March 2011.

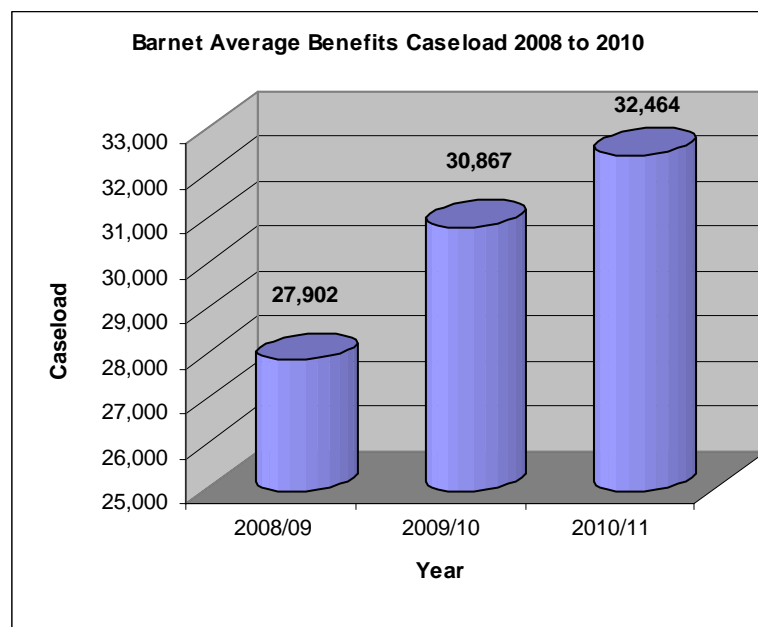
Since the new system went fully operational we have received 952 HBDMS matches from the DWP. This is considerably higher than the normal number and therefore we are expecting to report a higher volume of assessments in the first quarter of 2011/12.



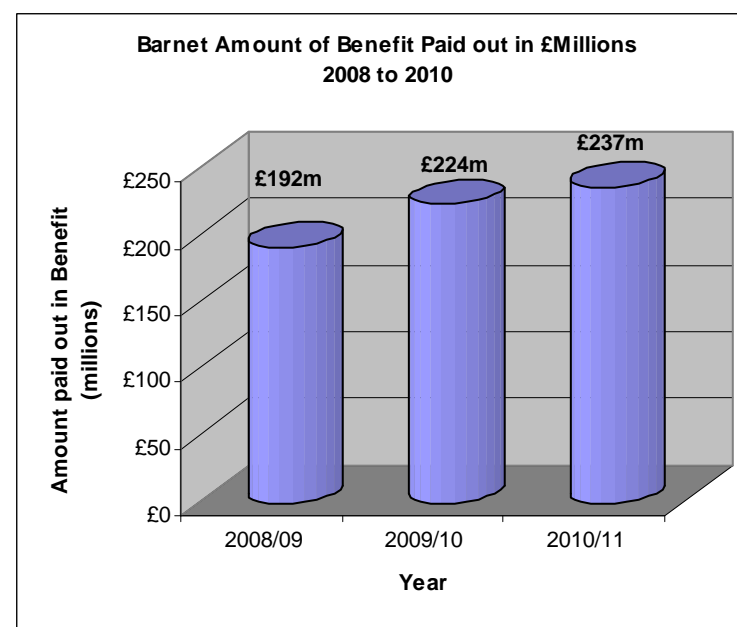


# Benefit Investigation Team

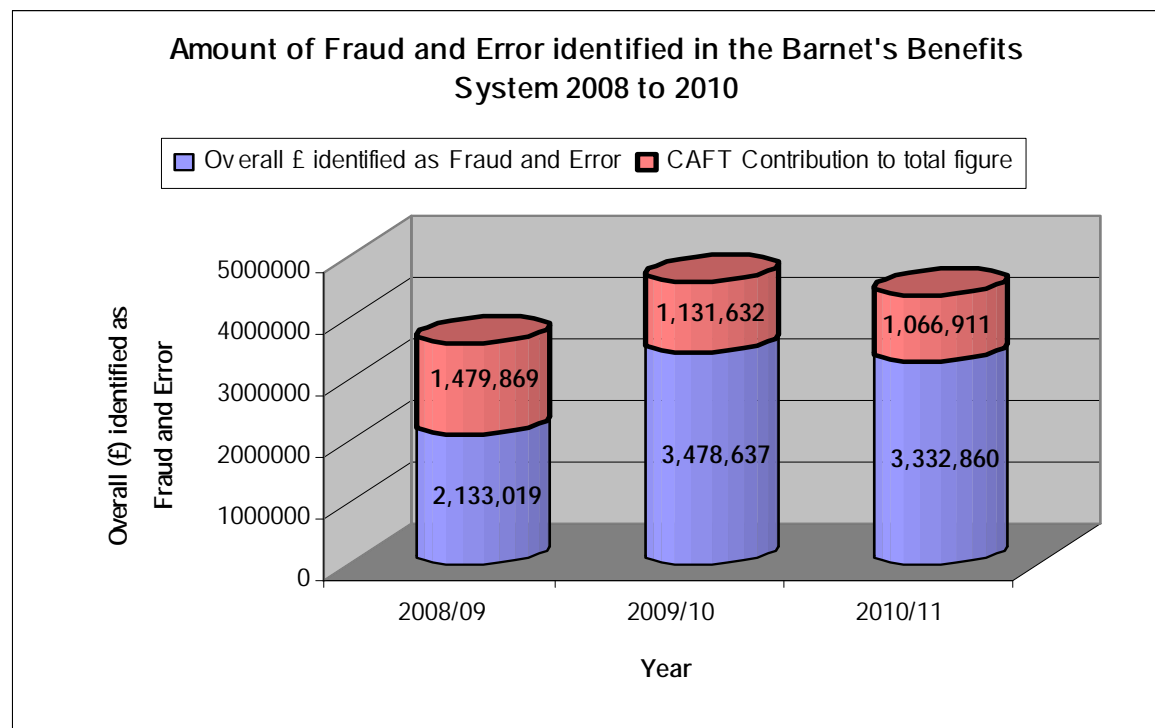
This team deals with the identification, investigation and prosecution of those persons that commit benefit fraud in Barnet in accordance with DWP Fraud and Error Strategy Guidelines and the Council's Counter Fraud Framework.



There has been a national economic downturn in recent years. From 2008/9 – 2010/11 the number of benefit claimants in the borough has increased by 16.4%.

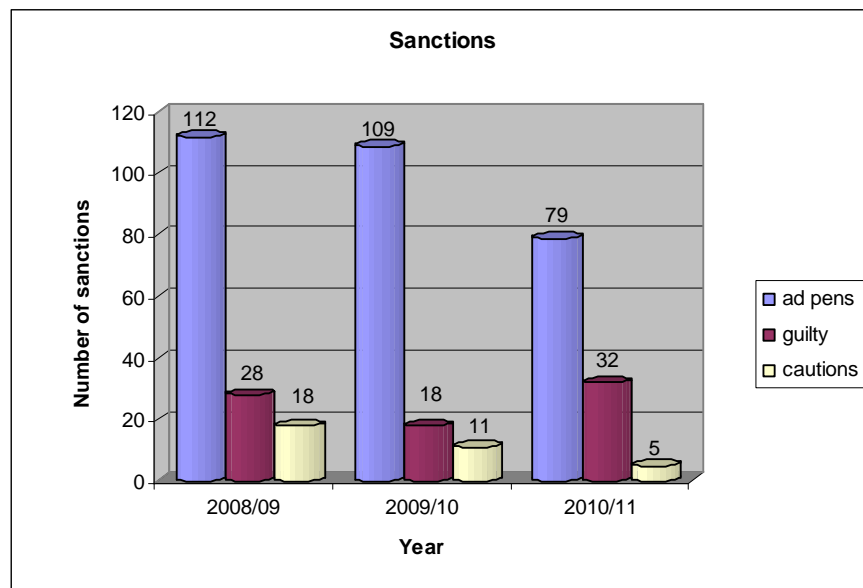


Due to the increase in benefit claimants the amount of benefit that Barnet has paid out has also risen by 23.5% in the same period



DWP have published statistics that for 2009/10 that state that the combined level of fraud and error in the benefits systems in the UK is 2.1%. In comparison Barnet's combined level of identified fraud and error is 1.9%.

CAFT set internal projections and performance targets for our investigation officers based upon on 2009/10 benchmarking with other London local authority fraud teams and the current workload and investigation staffing numbers in CAFT. In 2009/10, Barnet were placed in the top quartile for overall achievement of sanction numbers and top for achievement of number of sanctions per investigation officer. Whilst there are no 2010/11 benchmarking data available our performance levels show again that we would still be placed top across London for highest level of sanction per investigation officer which demonstrates that our new structure and procedures are efficient, effective and value for money.



*Over the last year there has been increased partnership working with the DWP. This has resulted in larger fraud overpayments being identified, leading to more prosecutions. Of the 32 successful prosecutions obtain, 19 of these have been jointly prosecuted with the DWP. This reinforces the new priorities as set out in the DWP Fraud and Error Strategy 2010 and the Council's policy of zero tolerance to those that commit fraud against Barnet.*

Ongoing into 2011/12, we have 169 current investigations on the team. In addition to these investigations, we already have investigated and passed for prosecution 17 cases that are with our legal team and we have a further 19 cases that we have investigated jointly with the DWP and are with their legal team for prosecution. If these cases all conclude in guilty verdicts we would again have a significantly higher level of prosecutions in 2011/12 than in previous years. This level of prosecution demonstrates our successful joint working practices and our aim to deter and punish the more serious offenders of benefit fraud in our borough.

We continue to develop our partnership working with Barnet Homes in relation to Tenancy Fraud which can often take place alongside Housing Benefit (where accommodation is "rented out" to the claimant by a fictitious landlord, or by a real person who does not own the property).

**A joint prosecution between CAFT and the Police is the case of Mr Bardoshi:**

CAFT received a phone call from Police in Grimsby concerning a Mr Afrim Bardoshi. They had arrested Mr Bardoshi in relation to burglaries in their area and investigations revealed he had deposited over £250,000 in cash into his personal accounts during the period 2002-2008. Mr Bardoshi had been in receipt of Housing and Council Tax Benefit and Income Support since August 2002. These accounts had not been declared to either Barnet or the DWP. Mr Bardoshi was interviewed under caution and 'no commented' throughout the interview. He offered no explanation of the sums of monies being deposited into his bank accounts. Mr Bardoshi was overpaid £55,433.31 in housing and council tax benefit in respect of the period December 2003 to January 2009, with another £25,000 being overpaid in respect of income support.

Mr Bardoshi was prosecuted and pleaded guilty to seven charges of dishonestly obtaining benefit at Sheffield Crown Court contrary to section 111(1A) of the Social Security Administration Act 1992 and was sentenced to four and a half years imprisonment

**A joint prosecution between CAFT and the DWP's Counter Fraud Investigation Service (CFIS) is the case of Ms Segal:**

CAFT received an HBDMS match indicating that Ms Segal held a bank account and that she received interest on savings from the account and that this had not been declared on her benefit claim forms. CAFT Investigation confirmed that she indeed held an undeclared account and that the balance of this account had above or around £16,000 from 2003. Ms Segal had been in receipt of Housing and Council Tax Benefit and Income Support since 2003 and as this money would affect her entitlement to all of those claims, the DWP were invited to join our investigation. She was interviewed under caution and admitted to not declaring the bank account or the monies within it when she applied for her benefits. The claim was reassessed taking into account the undeclared money in her account and resulted in a Housing and Council Tax Benefit overpayment of £27,300.66. There was also a DWP overpayment of £13,648.80 in respect of her income support benefit.

Ms Segal was prosecuted and pleaded guilty to three charges of dishonestly obtaining benefit at Wood Green Crown Court contrary to section 111(1A) of the Social Security Administration Act 1992 and was sentenced to three months for each offence to run concurrently, suspended for 3 months. Ms Segal made arrangements with the Benefits Service Overpayment Team to repay this amount and has repaid to date approx over £5,000 of this overpayment.

**A joint prosecution between CAFT and the UK Border Agency is the case of Ms Nana:** CAFT received a referral from a member of the public concerning an Yvette Nana. The allegation was that she was claiming benefit as a single parent when in fact she had a partner living in the property. In addition a referral was received from the National Fraud Initiative matches concerning the same person. There were concerns that she was using a forged French National identity card in order to obtain housing and council tax benefits. Miss Nana had been in receipt of Housing and Council Tax Benefit since January 2001.

The case was jointly investigated with the UK Border Agency (UKBA), who have an officer embedded within CAFT. Investigations found that when Ms Nana entered the Country she was in fact a Cameroon National with no right to public funds. UKBA confirmed that the French ID card she had used to claim benefit as a national of an EU country was not genuine.

Miss Nana was arrested at her home address and interviewed under caution jointly by CAFT and UKBA officers and denied any wrongdoing. She was prosecuted and initially pleaded not guilty but changed her plea when the case was heard at Wood Green Crown Court. She was given a sentence of 12 months imprisonment after admitted six frauds and false accounting charges relating to the period between January 2001 and October 2007. This was later reduced on appeal. The total Housing and Council Tax Benefit overpayment was £91,152.04.

*It was the second time Nana had been investigated by Barnet's CAFT team, having already been successfully prosecuted in 2004 for making a Housing Benefit claim under a false name – Ms Barlagne.*

**A CAFT prosecution is the case of Ms Powell:** CAFT received a referral via the National Fraud Initiative concerning a Ms Mary Powell that suggested that she had been working for Ealing Hospital since 2005. Ms Powell had not informed the Housing Benefit section of any such work in the hospital and had completed three claims for Housing Benefit and Council Tax Benefit following the alleged commencement of employment. Ms Powell had been in receipt of Housing and Council Tax Benefit since 2000.

Details were obtained from the hospital and Ms Powell was asked to attend an interview under caution. She stated that she had only been working part time at the hospital, but the information obtained from Ealing Hospital showed this was not the case. The total overpayment of Housing and Council Tax Benefit was £23,278.85 covering the period July 2005 to October 2009.

Ms Powell was prosecuted and pleaded guilty at Wood Green Crown to three counts of providing false statements and one count of dishonestly failing to declare a change in her circumstances. She was sentenced to four months imprisonment on each offence, all terms to run concurrently. This was suspended for 18 months. She was also ordered to complete 40 hours unpaid work and pay £250 in costs.

**CAFT led Partnership operation: Operation Avalanche:** Operation avalanche is a case that was derived from an enquiry by Metropolitan Police Officers working on Operation Trident in August 2006 into the whereabouts of a person they wanted to locate. Following discussions with officers and extensive intelligence gathering, CAFT conducted a lengthy and complex investigation into housing benefit and council tax benefit fraud by this individual, his family and their known associates. This investigation spanned across other London Boroughs: Waltham Forest, Ealing and Kensington & Chelsea. It was established that there were 8 fraudulent housing benefit claims and 5 of these are part of the ongoing prosecution case and those 5 claims total an amount of overpaid Housing and Council Tax Benefit circa £112,000.

The investigation led to five arrests involving three family members and two associates of the family. Arrest warrants were also issued in respect of two other family members and another associate of the family. All five persons were interviewed under caution by CAFT officers at various police stations and were subsequently summonsed to appear on charges of conspiring with others to defraud, contrary to common law.

The trial commenced at Wood Green Crown Court in February 2011. Proceedings went on for six weeks, after complications that cannot be reported the Judge exercised her powers to discharge the jury and deliver verdicts herself. An appeal against this decision was refused by the Court of Appeal. The three family members are currently being held on remand in custody pending delivery of the verdict by the Judge.

# Corporate Fraud



This team deal with the investigation of any criminal and fraud matters (except benefit fraud) attempted or committed within or against Barnet such as internal employee frauds, frauds by service recipients and any external frauds. The team operate in accordance with Barnet's Counter Fraud Framework and relevant investigate legislation. CAFT continue to work in partnership with the UKBA and Police to ensure that all the public purse is adequately protected.

Corporate fraud committed by employees is estimated to cost the U.K. economy in excess of £1.2bn a year (2008 figures). Approximately 80% of corporate fraud across the UK involves employees and, sadly, internal fraud is on the increase in the current economic climate. In the Corporate Anti Fraud Team, we have experienced and skilled corporate fraud investigators, combining expertise in investigations with a sound working knowledge of employment law.

According to the National Fraud Authority Annual Fraud Indicator, local government could be saving taxpayers £2.1 billion a year by cracking down on fraud in housing tenancy; procurement; pay, pensions and recruitment; council tax; grant; and blue badge schemes. Money currently lost to fraud and error costs every household in England almost £100 a year.

During the last year CAFT worked closely with Internal Audit (IA) and Risk Management (RM) to produce a new joint annual work plan. This plan signifies the new way in which we now work in practice i.e. a joined up approach in ensuring the Council is making the most of the resources and knowledge of all our services and that there are robust processes to improve its internal control and anti fraud environment.

Targeting and combating fraud is high on the agenda for local authorities. Local authorities are being encouraged to use the powers under the Proceeds of Crime Act 2002 to target fraudsters who have been enriched through their criminal conducts. Under the Home Office's POCA incentive scheme, local authorities who have an accredited financial investigator could recover up to two-third of the 50% confiscated assets. This would enable local authorities to reinvest the proceeds back into local public services. It was reported that in 2007/08, £135.7m were recovered from criminals using the POCA.

CAFT currently have 2 fully qualified and 2 part qualified Financial Investigators with in the team. Whilst this area is relatively new to the Council, a number of Financial Investigations have been initiated and are currently being processed through the legal system. A successful outcome to all of these cases could see the Council confiscate almost £400,000 of criminal money from the offenders.

The table details the number of referrals that were made to CAFT during 2010/11 in addition to the ongoing investigations that were carried forward at the close of 2009/10. CAFT continue to deal with a variety of issues and are often requested to provide intelligence reports for the Police other local authorities and advice and assistance to services within the Council on matters that do not necessarily equate to criminal activity but are still issues of concern that require CAFT expert advice.

The 2010/11 CAFT Fraud Awareness campaign and efforts to promote the work of the team and the Counter Fraud Framework that we operate under have been successful as the level of referrals to the team and requests for advice and assistance have increased significantly on previous years. As such, our upgraded fraud management system ensures that recourses are appropriately deployed and outcomes accurately reported

|                                     |   |  |  |  |   | Outcomes<br>for cases<br>closed                                 |   |  |   |                    |  |                           |
|-------------------------------------|---|--|--|--|---|---|---|--|---|--------------------|--|---------------------------|
| Directorate                         | Total number<br>of cases<br>referred for<br>investigation<br>in 2009/10 | Number<br>of cases<br>carried<br>over<br>from<br>2009/10 | Number of<br>new cases<br>referred for<br>investigation<br>2010/11 | Total number of<br>cases<br>closed in<br>2010/11 | Ongoing<br>investigations<br>carried over<br>to 2011/12 | Insufficient<br>evidence to<br>proceed<br>with<br>Investigation | Closed<br>insufficient<br>Funds for a<br>financial<br>Investigation | Passed to<br>Police /<br>Serious<br>Organised<br>Crime<br>Agency<br>(Money<br>Laundering)<br>to<br>investigate | Closed<br>Advice<br>given to<br>service<br>area | Closed No<br>Fraud | Dismissed<br>as a result<br>of CAFT<br>investigation | Closed<br>Fraud<br>Proven |
| E & O                               |   | 5  | 22   | 20   | 7   | 3   | 0   | 1  | 7   | 6                  | 3  | 0                         |
| Corporate Services                  |   | 4  | 23   | 15   | 12  | 1   | 3   | 1  | 3   | 6                  | 0  | 1                         |
| Commercial services                 |   |  | 3  | 2  | 1   | 0   | 0   | 1  | 1   | 0                  | 0  | 0                         |
| Adult Social Services               |   | 2  | 6  | 8  | 0   | 4   | 0   | 1  | 2   | 1                  | 0  | 0                         |
| Children's Services                 |   | 1  | 6  | 6  | 1   | 0   | 0   | 0  | 3   | 2                  | 0  | 1                         |
| Planning, Housing &<br>Regeneration |   | 4  | 8  | 10   | 2   | 1   | 1   | 0  | 2   | 6                  | 0  | 0                         |
| Chief Executive Services            |   |  | 9  | 9  | 0   | 0   | 0   | 0  | 2   | 2                  | 0  | 5                         |
| Corporate Governance                |   |  | 4  | 4  | 0   | 0   | 0   | 0  | 0   | 4                  | 0  | 0                         |
| Barnet Homes                        |   |  | 9  | 3  | 6   | 0   | 0   | 0  | 0   | 2                  | 0  | 1                         |
| Total                               | 57  | 16   | 90   | 77   | 29  | 9   | 4   | 4  | 20  | 29                 | 3  | 8                         |

The 3 cases above categorised as 'dismissed as a result of a CAFT investigation' relate to:

**Operation HOMBRE**, an investigation into the alleged use of a false identity by a member of catering staff employed at East Barnet School.

Due to a pending review of HR files, the employee, Rosemary Mohamed Ali, came forward in November 2009 and stated that she used a false ID to obtain her post and supplied false documents to the staff at the school in 2004 when she commenced her employment. She claimed that her real name was Eunice EVANS-APPIAH and that she had now been given indefinite leave to remain in the UK, so now wished to be known by her real name.

CAFT obtained the personnel file for Rosemary Mohamed Ali, and established that within this file there was a Home Office letter dated 30<sup>th</sup> August 2001 and Copy of her passport both in the name of Rosemary Mohamed Ali, there was also an Inland Revenue P45 Document showing a Nation Insurance number for Rosemary of JA 62 22 20 A – we confirmed via the UKBA that these documents were in fact counterfeit documents.

Eunice EVANS-APPIAH was suspended from duty and requested to attend an interview under caution with CAFT officers, as it was confirmed that the actions carried out by her constituted offences under Section 3 of the Forgery and Counterfeiting Act 1981. During the interview, she admitted that the Home Office documents in the name of Rosemary MOHAMED ALI were counterfeit and that she had made them herself. She also confirmed that she had fraudulently obtained a passport from the Embassy in Ghana in the same name and that she had also made up the National Insurance number of JA 62 22 20 A

CAFT established that she initially came to the country in 1986 with permission to enter for a 1 month period under a visitors visa , she then failed to return home and remained here for 14 years illegally before applying for permanent leave to remain in 2002.

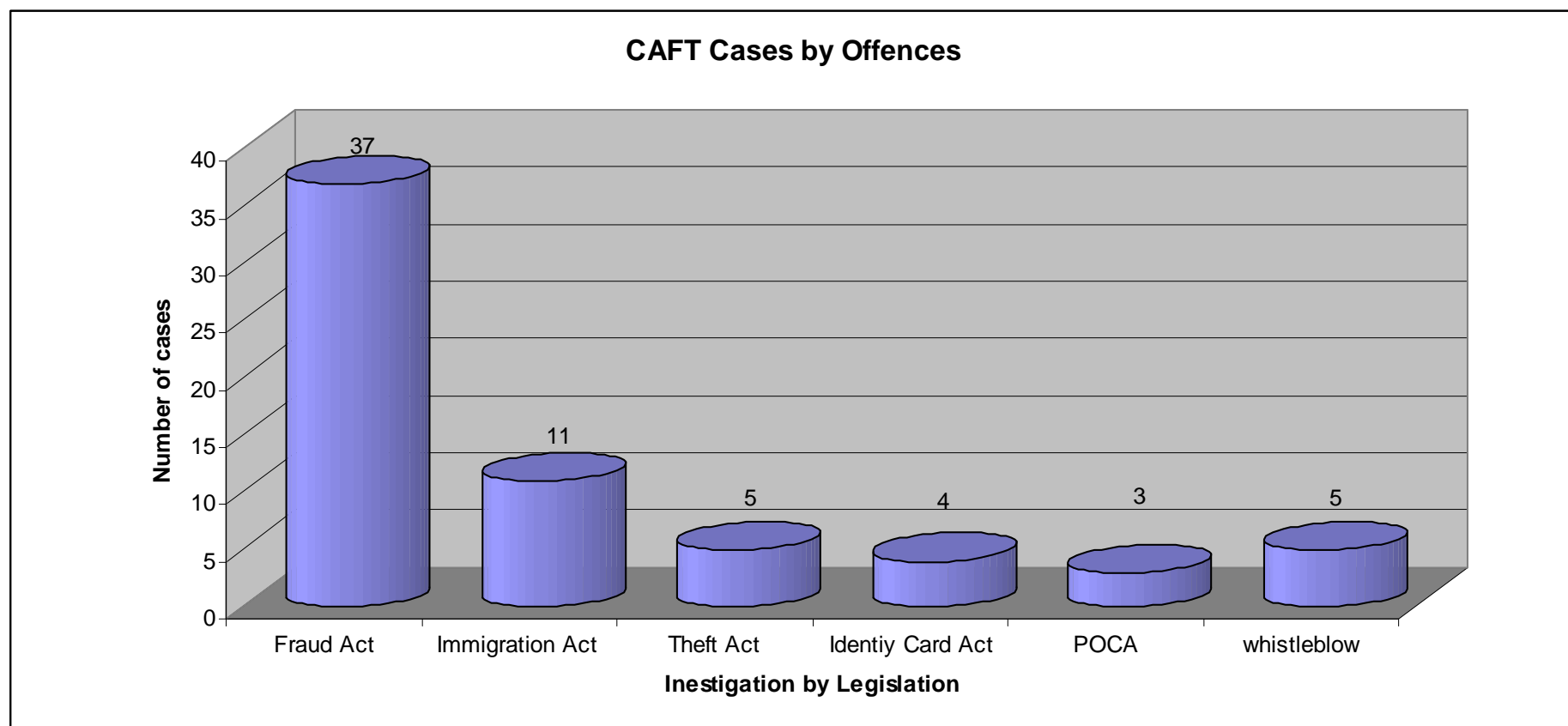
Following a disciplinary process, she was dismissed from the Council in January 2010. In December 2010, she was prosecuted and pleaded guilty when the case was heard at Wood Green Crown Court. She was given a 4 month prison sentence, suspended for 12 months, with a community sentence for 120 hours unpaid work and ordered to pay costs of £400 to the Council.

**Operation Gremlin II** - a proactive operation relating to the verification of identity documents supplied by employees in the Street Scenes team Environment and Operations Directorate.

The exercise was carried out by CAFT and our UKBA seconded officer which identified 2 employees who had supplied counterfeit passports to Barnet. CAFT and UKBA officers attended the Mill Hill depot and arrested the two who were found to have no leave to remain in the UK. Subsequent searches of their home addresses found a large number of Barnet Council marked clothing in their original packaging. It is believed that these items were stolen from the clothing stores at the Mill Hill Depot. The 2 employees were dismissed from the Council and UKBA made arrangements for them to leave the UK



Below is a chart that details the types of offences that CAFT have investigated in the last year (closed cases).



In addition to the above referrals received in 2010/11, there have been seven referrals under the Council's Whistleblowing policy – although full details of these referrals cannot be reported due to confidentiality reasons, we can confirm that 5 of them have been closed after either a CAFT and/or service area investigation; 1 was closed as no action was required, 1 was closed by CAFT as a referral was taken forward under the Safeguarding Adults Policy, 2 were closed as unsubstantiated allegations – insufficient evidence to proceed and 1 was closed as the allegation passed to the benefit fraud investigation team to deal with. Two referrals are ongoing current investigations into 2011/12.

# CAFT / UKBA Partnership



Last year CAFT continued to work in partnership with UKBA for the second year and continue to be one of five London Boroughs with a UKBA Officer embedded within a local authority. The indications are that the Barnet partnership has been the most successful of the five boroughs and has proven results for both the Council and UKBA.

The partnership demonstrates value for money for the Council due to the minimal costs incurred (just the cost of office accommodation of the officer) and increased successful outcomes, especially as we now have immediate access to immigration records, assistance and advice when required. Whilst we are unable to report on UKBA successes, we have summarised below a pro active exercise that was carried out in the last year by CAFT / UKBA.

## **Sham Marriages: Operation Malibu, Operation Matador, Operation Medallion, Operation Maxima, Operation Milano**

As a result of analysing information being received by our UKBA officer it was apparent that the London Borough of Barnet's Register Office in Burnt Oak was being targeted by immigration offenders who were entering into 'Sham Marriages' as a way to facilitate and legitimise their stay in the UK.

Officers from CAFT, UKBA and Police carried out a number of joint operations by attending the Register Office on the date and time of the weddings to identify and capture immigration offenders and to prevent an abuse of the marriage ceremony process..

These operations were all successful and resulted in the 5 immigration offenders being arrested. They are currently being dealt with in accordance with the statutory immigration requirements. Additionally, information became available leading to the identification of a further suspect who was involved in Benefit fraud.

As a result of the partnership, the UKBA have managed to remove a number of immigration offenders from within the London Borough of Barnet, these included failed asylum seekers, overstayers and illegal workers. Research carried out by the CAFT Intel team helped the UKBA to identify and trace these offenders who were posing as claimants, students and employees, some of whom were found to be working in local schools.

# CAFT / Barnet Homes Partnership



Social housing is a valuable national asset with over four million social housing properties in England providing homes for many low income households and families. At a time when demand for social housing is outstripping supply it is estimated that up to 50,000 homes may be unlawfully sublet; which equates to more than 1 in 100 housing association and council homes across England. With temporary accommodation for homeless families costing Councils' around £18,000 per family, per year, the public purse is being depleted to the tune of nearly £1 billion per annum. In an attempt to counter this trend, last year, the Department of Communities and Local Government distributed nearly £4 million to Local Authorities to help them tackle tenancy fraud more effectively.

The National Fraud Authority made the following recommendations relating to how this funding should be used:

- All landlords should ascertain the level of unlawful occupation in their stock
- Local Authorities should provide a fraud investigatory service to housing associations in return for nomination rights to homes recovered
- Local Authorities should consider photographing tenants at allocation and existing tenants at tenancy audits
- Local Authorities should consider the balance of the resources they allocate to housing benefit and housing tenancy fraud
- The Government should consider further incentivising Local Authorities and Registered Providers to investigate and recover unlawfully sublet properties
- Registered Providers and Councils should commit to joint working and there should be political and managerial commitment to the recovery of unlawfully sub-let properties

In Barnet, CAFT have initiated a Partnership scheme with Barnet Homes and have placed one fully qualified Fraud Investigator on secondment to the Barnet homes Office in Grahame Park. The types of frauds that this partnership is focusing on are:

Illegal sub-letting: This occurs where tenants transfer the keys of their property to another person or family, normally when the tenants' circumstances change. Instead of returning their home to be re-allocated to a needy family, they rent out their flat and keep that rent. Sometimes, the sub-tenant connives at this because they have difficulty in obtaining accommodation because of their legal status or for other reasons. Sometimes, they are friends or members of the tenant's family. Sometimes, relationships break down or start up and create accommodation "surplus to the tenant's requirements". This can be done on a commercial basis, advertising the property for rent in local newspapers, even using local estate agents and rental agreements.

Right to buy fraud: This type of tenancy fraud exists to enable the tenant wrongly to benefit from the *right to buy* discount, when they themselves have not been living in the premises as their main residence for all the period they claim. Substantial sums of money can be involved.

Succession fraud: Tenancies can be transferred to close members of the family as well as a spouse when a tenant dies. The relation may claim to have lived at the address for the 12 month qualifying period, and thereby succeed to the tenancy, when they would not otherwise have qualified for being housed in those premises, or at all.

# Corporate Anti Fraud Team Plan 2011-12

## Corporate Governance Directorate

### 1. Introduction

The Corporate Anti Fraud Team (CAFT) is an independent, specialist activity designed to add value and improve the council's operations. It helps the council achieve its objectives by bringing a systematic, disciplined approach to investigation evaluating and improving the effectiveness of fraud prevention and detection and the subsequent prosecution of individuals and organisations where appropriate. The council has a zero tolerance approach to fraud and other irregularity including any Money Laundering which CAFT enforce throughout their work.

The primary responsibility for the prevention detection and deterrence of fraud or money laundering activity lies with Heads of Service. This responsibility includes ensuring that staff and partners are aware of both the implications of fraud and money laundering and the risks of fraud and money laundering across their service area. The responsibility for the investigation of any suspected fraud or money laundering activity found in a service area lies with the CAFT.

CAFT operate under the Council's approved Counter Fraud and Anti Money Laundering Frameworks. The purpose of these Frameworks is to ensure that we have an appropriate set of policies and guidelines in place in order to ensure fraud and money laundering activity is minimised through effective prevention, detection, investigation and deterrent measures and that we have a unified cohesive approach to reflect best practice, CAFT staff are clear about their role and receive regular professional updates and training to provide the best advice to the Council.

### 2. Corporate Priorities – Better services with less money, A Successful London Suburb and Sharing Opportunities and Sharing Responsibilities

| Strategic objective   | Owned by  | Initiatives, projects and work streams  | Key partner/s  | Deadline                               | Outcomes or targets aimed for in 2011/12  | Monitored via      |
|---|---|---|--|--|---|--------------------|
| <b><u>Better Services Less Money</u></b><br>– Manage resources and assets effectively and sustainably across the public sector in Barnet - 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 prosecution outcome, whilst | Head of CAFT  | CAFT, Internal Audit (IA) and Risk Management (RM) joint annual work plan - to provide an anti fraud assurance on particular high risk functions. | All Directorates, RM, IA and External Audit                                | March 2012                             | Successful delivery of plan.  | CGD SMB / CAFT SMT |
|   | Director of Corporate Governance<br><br>Cllr Melvin Cohen | CAFT project – modernised 'E learning' for Fraud Awareness Council wide in 2011/12.   | All Directorates, Legal Services, Information Systems, Communication Team. | June 2011<br><br>Ongoing to March 2012 | Successful implementation, staff awareness and internal publicity campaign.<br><br>75% of all existing and new staff have completed programme | CGD SMB / CAFT SMT |

|   |   |  |   |   |   |  |
|---|---|--|---|---|---|--|
| continuing to offer support, advice and assistance on all matters of fraud risks including prevention, detection, money laundering and any criminal activity.   | Head of CAFT<br><br>Director of Corporate Governance<br><br>Cllr Melvin Cohen | To continue to effectively deal with the prevention, detection deterrence and investigation and prosecution of all Fraud within the council including internal fraud, Housing and Council Tax Benefit Fraud and compliance and money laundering. | Legal Services, Communication Team, Department of Work and Pensions (DWP) and Police. | Ongoing to March 2012   | CAFT have set internal performance targets based on caseload, staffing levels, benchmarking and good practice for both Benefit Fraud Sanctions and Compliance.  | CGD SMB / CAFT SMT                     |
|   |   | Project: National Fraud Initiative (NFI) referrals from the Audit Commission (AC).   | All Directorates – Audit Commission   | Ongoing to Jan 2012 + plus key milestones as per Audit Commission | Successful co-ordination and progression and investigation of the data matches. Adherence to AC timescales for data returns.  | CGD CAFT SMT – Audit Committee         |
|   |   | Barnet Homes Partnership – Combat Tenancy Fraud in Barnet – with LBB Corporate Plan Priority Target – “ <i>To work with Barnet Homes to recover properties where tenancy fraud is being committed</i> ”.   | Barnet Homes, RSL's, Police, UKBA and Legal Services                                  | July 2011<br><br>March 2012                                       | Successful progression of the project within Terms of Reference (initial 6 month Project – CAFT Seconded Officer – to progress to a full year with CLG Funding)<br><br>Achievement of New Corporate Priority – <i>‘To recover 18 properties a year’</i> . | CGD SMB / CAFT SMT – Barnet Homes SMT. |
| <b><u>Better Services Less Money</u></b><br>Manage resources and assets effectively and sustainably across the public sector in Barnet by further developing our existing partnerships with both the Police and the UK Border Agency. | Head of CAFT<br><br>Director of Corporate Governance<br><br>Cllr Melvin Cohen | Police- further strengthening of partnerships with Metropolitan Police colleagues.   | Legal Service Police and UKBA, and Criminal Prosecution Service                       | Ongoing to March 2012   | Developing partnerships with Police liaison to deal with fraud and money laundering criminality within Barnet ensuring that criminals within the borough do not profit the proceeds of crime.   | CAFT SMT – UKBA – Met Police           |
|   |   | UKBA Partnership – UKBA embedded officer within the CAFT.  |   |   | Continued partnership working with the UKBA to ensure that only those eligible to work, reside, receive services and benefits from the Council, receive it.   |  |