

Corporate Anti-Fraud Team (CAFT) Interim Report: April – September 2013

The primary responsibility for the prevention, detection and deterrence of fraud, corruption or anti-money laundering activity lies with the Managers / 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, corruption or money laundering activity found in a service area lies with the CAFT.

Section 1: Joint Pro Active Fraud Plan with Internal Audit (IA) and Risk Management (RM)

Proactive Anti-Fraud work – Contained within the Internal Audit and Anti-Fraud Strategy and Annual Plan and Risk Management approach for 2013-14 was a list of proactive workstreams that would be undertaken across the fraud partnerships. The level of proactive anti-fraud work will always be dependent on the level of reactive work underway by CAFT. As a result not all areas may be reviewed in 2013-14. Any areas that are still relevant will be carried forward to 2014-15. The proactive workstreams are detailed below:

Area of review	Description of Work	Status
The West London Fraud Hub - Cross Boundary Local Authority - Data Matching Pilot - Track a Fraudster.	West London Councils have joined together to share various data sets such as benefit claims, council tax, electoral roll and housing data with credit reference agencies with the aim of identifying and tracking existing fraudsters as well as providing authorities with a tool to identify and prevent fraud before it happens.	Expected benefits from the pilot will be additional identification of fraudulent benefit claims, tenancy fraud, and council tax fraud. The pilot is due to be reviewed and reported at the end of the year.
Audit Commission - NFI data matching co-ordination	On-going National Fraud Initiative (NFI) co-ordination and support including data uploading, training, assistance and investigation of relevant matches in accordance with Audit Commission timelines.	The NFI for 2012/13 produced a total of 16,528 data matches for the London Borough of Barnet. A data match is defined as match between our council data and another participating authority's data. 4,125 of these were identified as high quality matches. These were prioritised and tackled as a matter of urgency by CAFT officers. To date <u>£95,144.29</u> of fraud and or error has been identified. Investigations are continuing.
UK Border Agency (UKBA) Partnership	CAFT are continuing to work in partnership with UKBA tackling issues regarding Right to Work and recourse to public funds. There is combined Partnership working with Barnet Homes in relation to Social Housing Fraud by immigration offenders. In addition, there is continued work to ensure that anti-fraud measures and controls at the Council's registry office are fit for purpose ensuring that immigration offenders do not illegally utilise services.	Due to change in UKBA policy and priorities the UKBA embedded officer within LBB/CAFT was withdrawn by UKBA in summer 2013 as a result of a restructuring within the Home Office. Unfortunately this means that targeted UKBA pro-active work in this area has ceased. As a result CAFT officers are in the process of establishing new links with UKBA and local immigration teams and are currently working with council services to ensure that re-active requests are still dealt with appropriately.

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Social Housing Fraud Partnership	CAFT are continuing to work in partnership with Barnet Homes and Registered Social Landlords (RSLs) in relation to all aspects of Housing Tenancy Fraud – creating a new strategy for dealing with the Prevention of Social Housing Fraud Act 2013 whilst ensuring maximum recovery of properties where appropriate.	Current Tenancy Fraud Partnership arrangements have successfully recovered 27 properties so far this year in respect of tenancy fraud, 1 of which was an RSL property. There currently is an on-going project in relation to options around creating a new strategy and approach for dealing with Tenancy Fraud in response to the Prevention of Social Housing Fraud Act 2013. Part of this approach is the current joint 'Key Amnesty' campaign with Barnet Homes and several Registered Social Landlords (RSLs) ahead of legislation coming into effect. This was launched Oct – November 2013. The key amnesty is an opportunity for tenants illegally subletting their homes to hand back their keys to the council or one of the RSL's until the 15 November 2013. This means that if someone is committing tenancy fraud and they return their keys and formally ends their tenancy between now and 15 November 2013, no further action will be taken against them.
Commissioning – Procurement Fraud and Purchase (P) Cards	The purpose of the proactive work in this area is to ensure that anti-fraud measures and controls are in place, effective and adhere to relevant good practice standards. This was a joint piece of work with the procurement service.	The work has progressed and is due to be completed in quarter 3.
Street Scene – Anti-Fraud Controls and Measures and Conflicts of Interest	The purpose of this review was to work with the Delivery Unit to ensure effective anti-fraud measures and controls are in place to manage conflicts of interest effectively during the procurement process.	This review is currently in planning and will be undertaken in quarter 3.
Council Tax and National Non Domestic Rates (NNDR)	Continuous proactive targeted anti-fraud work takes place in this area to ensure that the exemptions and discounts applied to Council Tax and NNDR properties are valid and appropriate for maximising income to the Council.	At end of quarter 2 continuous anti-fraud work in relation to Council Tax Single Person Discount fraud has identified <u>£40,710.45</u> of discounts that residents were not entitled to. The National Non Domestic Rates review is currently in planning phase and is due to commence in Q3.
Finance - Imprest Accounts	The purpose of this review is to carry out a detailed examination of the petty cash systems processes and anti-fraud measures across the Council.	Further consideration was given to this review due to the small number and value of imprest accounts across the council, combined with planned changes in finance to withdraw usage. With this in mind, this review will not be undertaken by CAFT.

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Adults – Personal Budgets / Direct Payments	To follow up on previous proactive work with dedicated training and directed analysis of high risk cases.	This follow up was completed in June 2013 and reported in the CAFT Annual Report 2012-13. CAFT continue to work closely with the service in relation to direct payment fraud and suspected cases of financial abuse and CAFT will also be involved in ‘Safeguarding’ month in November 2013 to raise awareness of fraud in these areas.
Children's Service - Schools Place plus Top up funding	A piece of work designed to review the policy and process in place in relation to the new schools ‘place plus’ top up funding for high needs children.	This review is currently in planning phase and will be undertaken in quarter 3.
Expenses	An additional proactive review added during the year to review controls and a sample of expense claims during the financial year.	This review is currently in planning phase and will be undertaken in quarter 3.

Section 2: CAFT Performance Indicators.

Targets are not set as the work of CAFT is aimed at prevention, detection, deterrence and sanction. This table details performance against detection and applied sanctions only as it is difficult to measure or place monetary value on the preventative and deterrence elements of the CAFT work. The table provides an overview of the direction of travel in those areas identified against the baseline at the same point in 2012.

Performance Indicator	Mid-year Baseline 2012/13	Status	Comments
Benefit Compliance			
Amount of Fraud overpayments identified in Benefits system	£409,457	£616,582	
Amount of Error overpayments identified in Benefits system	£312,389	£429,830	
Combined Total Amount of Fraud and Error	£721,846	£1,046,412	44% increase in identified fraud and error in benefits system than at this point last year. The overall year end figure for 2012/13 was £1,189,072
Benefit Investigations			
Number of investigations	250	312 current investigations of which 175 are new investigations since	25% increase

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		April	
Number of cautions	11	4	
Number of administration penalties	21	30	
Number of Guilty Verdicts	7	19	
Total number of Sanctions	39	53	36% increase
Number of sanctions per investigations officer	15.6	15.5	Consistent good performance in this area. Benchmarking data places Barnet in the top quartile for performance against other London Boroughs
Corporate			
Number of investigations	100	83 investigations. This figure equals 40 investigations carried over from previous year plus 43 new referrals received since April. 51 cases have been closed this year with 32 open cases currently under investigation.	The 51 cases closed this year relate to - 9 cases closed as fraud proven, 9 cases passed to other departments for action 19 cases closed as no fraud with advice given to the department concerned and 14 cases closed due to poor quality referrals.
Number of prosecutions	2	1	
Number of dismissals as a result	4	1	
Number of Whistleblowing Referrals	2	1	
Number of Requests for surveillance	Nil	Nil	2 overall for year 2012/2013

Updates on noteworthy investigations / case studies

Operation Mustang: This investigation was closed and reported in the previous year Annual Report, however there was one last remaining suspect who remained at large until July 2013, at which point he was arrested by CAFT and Police officers after returning to the UK from Portugal. The suspect pleaded guilty to all conspiracy offences and was sentenced to 21 months imprisonment.

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Operation Sun: This investigation related to a member of staff employed as a town keeper. The employee had adopted a false identity and produced counterfeit documents to secure his employment with the council. CAFT and Police officers arrested the employee at work. He was dismissed from the council and found guilty of offences contravening the Identity Document Act 2010. He was sentenced to 4 months imprisonment and fined £800.

School Admissions: Three investigations were carried out into applications that were submitted to the School Admissions Department. In two of the cases evidence was obtained which showed that the applicant did not reside at the address given on the application forms. This meant that they had no entitlement to a student place at the school of their choice and as a result one place was withdrawn and another application was not processed. A third investigation identified that the applicant was entitled to make the application however the information obtained allowed council tax service to trace a person owing council tax arrears in order to facilitate recovery.

A benefit fraud investigation into a **Mrs Deborah Reynolds** revealed that she had failed to declare that she had a partner living with her who was working. Mrs Reynolds had been claiming benefit from 2002 on the basis she was an unemployed single parent. Evidence obtained confirmed that her partner had lived with her for the whole period she was claiming benefit. The case was re-assessed and resulted in a housing benefit and council tax benefit overpayment of £22,112.44. Miss Reynolds pleaded guilty to 7 counts of fraud and was sentenced to 8 months imprisonment suspended for 2 years. The benefits service is in the process of recovering this overpayment.

An investigation was conducted into a NFI data match relating to a **Mr Vander Lima** being a full time student. The benefits system showed that he was in receipt of benefit as single parent with 2 children and working part time. Evidence obtained revealed that he was in fact married and his wife was also working with their children actually living in Portugal. The case was reassessed and resulted in a housing and council tax benefit overpayment of £33,238.53. He was found guilty of 4 counts of fraud and was sentenced to 8 months imprisonment. The benefits service is in the process of recovering this overpayment.