

**Corporate Anti-Fraud Team (CAFT)  
Q3 Progress Report:  
1<sup>st</sup> October – 31<sup>st</sup> December 2014**

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18<sup>th</sup> January 2015**

## **Introduction**

This report covers the period 1<sup>st</sup> October 2014 – 31 December 2014 and represents an up-to-date picture of the work undertaken by Corporate Anti-Fraud Team (CAFT) during that time.

All CAFT work is conducted within the appropriate legislation and through the powers and responsibilities as set out within the financial regulations section of the Council's constitution. CAFT supports the Chief Finance Officer in fulfilling his statutory obligation under section 151 of the Local Government Act 1972 to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption. It supports the Council's commitment to a zero tolerance approach to fraud, corruption, bribery and other irregularity including any Money Laundering activity.

Work processes in the team are designed for maximum efficiency and as such all functions are intrinsically linked and are dependent on each other in order to ensure CAFT continue to provide an efficient value for money counter fraud service and that is able to investigate all referrals or data matches to an appropriate outcome. CAFT provide advice and support to every aspect of the organisation including its partners and contractors. This advice varies between fraud risk, prevention and detection, money laundering and other criminal activity as well as misconduct and misuse of public funds. Some of the matters will progress to criminal investigation and others will not, but in all cases appropriate actions, such as disciplinary are taken. It is this element of the work of CAFT that is hard to quantify statistically.

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## 1 Pro-Active Fraud Exercise – Disabled Blue Badge Operation 2014

Area of review	Risk being addressed	Outcome
<p><b>Disabled Blue Badges</b> <i>(Q1 Joint review with Internal Audit)</i></p> <p>One of the recommendations when this joint review took place in quarter one was for CAFT, Assisted Travel, Parking / NSL and Safer Neighbourhood Team Police Officers to work together to conduct an annual Blue Badge pro –active exercise which CAFT would co-ordinate and lead on.</p>	<p>Valid parking income is not maximised and collected as a result of non-valid and/or fraudulent blue badges remaining in circulation and being misused.</p>	<p>The operation took place on one day in November in the Hendon and Golders Green area.</p> <p>127 vehicles were identified as being parked and displaying blue badges.</p> <p>During the five hour operation officers seized seven blue badges; five were found to have been misused by members of the badge holder’s family and a further two badges were seized after checks revealed that they had been previously reported stolen.</p> <p>In some cases misuse was identified where the badge holder was phoned and found to be at home in another borough whilst their blue badge was being used in Barnet.</p> <p>In total 12 Penalty Charge Notices were issued.</p> <p>During the course of the operation a further five parking offences were identified for which Penalty Charge Notices were issued.</p>

## 2 Performance Indicators

Table 2 provides an update against all performance indicators as set out within the 2014/15 fraud plan.

No targets are set against each of these indicators, as they are the results of CAFT re-active and continuous investigation work.

As this is the first year CAFT have reported quarterly, comparative data is only available for quarters 2 and 4 and will be reported during these quarters.

Performance Indicator	Quarter 1 April – June	Quarter 2 July - September	Quarter 3 October – December	Year to date	Comments
<p><b>Benefit Compliance Team</b> identify and correct fraud and error in our benefits and council tax systems 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.</p>					
Total amount of Fraud overpayments identified in Benefits system	£112,033	£376,560	<b>£370,321</b>	<b>£858,914</b>	It is important to note that this figure fluctuates throughout the year dependent on the level of work within the team and the number of data matches that are received from the DWP.
Total amount of Error overpayments identified in Benefits system	£262,015	£475,967	<b>£78,484</b>	<b>£816,466</b>	
Combined amount Fraud and Error identified within the Benefits System	£374,048	£852,527	<b>£448,805</b>	<b>£1675,380</b>	
Amount of council tax – single person discount fraud identified	£22,383	£36,528	<b>£35,744</b>	<b>£94,655</b>	This figure relates to the continuous anti-fraud work in relation to Council Tax Single Person Discounts that CAFT identified through investigations that residents were claiming

					and not entitled to.
<p><b>Benefit Fraud Investigation Team</b> prevents, identifies, investigates, deters, sanctions or prosecutes persons that commit benefit fraud in Barnet. They operate in accordance within the DWP's Fraud and Error Strategy and the Council's Counter Fraud Framework as well as relevant governing legislation.</p>					
Number of carried forward Benefit Fraud investigations from 13/14	222				At the time of reporting we have a significant amount of on-going benefit fraud investigations within CAFT. So far this quarter there has been a steady level of referrals into CAFT and these predominately originate from the DWP Housing Benefit Data Matching Service (HBDMS).
Number of new Benefit Fraud investigations	70	59	88	217	
Total Number of closed Benefit Fraud investigations	48	79	68	195	
Total number of on-going Benefit Fraud investigations	244	224			
Number of cautions issued	4	2	6	12	These figures relate to the differing sanctions that are available under the DWP's Fraud and Error Strategy in relation to benefit fraud investigations where fraud is proven.
Number of administration penalties issued	6	26	17	49	
Number of prosecutions	5	4	4	13	
Total number of Sanctions	15	32	27	74	
Number of sanctions issued per investigations officer	4	9	8	21	
<p><b>Corporate Fraud Team</b> deal with the investigation of any criminal and fraud matters (except Benefit and Tenancy related fraud) attempted or committed within or against Barnet such as internal employee frauds, frauds by service recipients and any external frauds. They also conduct Financial Investigation under the Proceeds of Crime Act 2000 to ensure that any persons subject to a criminal investigation by Barnet do not profit from their criminal action. They work in partnership with UKBA, Police and HM Revenue and Customs to ensure that the public purse is adequately protected</p>					
Number of carried forward Fraud investigations from 13/14	10				Of the 15 on-going investigations, 2 relate to waste and recycling, 1 relates to procurement, 2

Number of new fraud investigations (excluding financial cases)	33	16	30	79	relate to adults direct payments, 1 relates to children's services, 2 relate to catering services, 1 relates to care homes 5 relate to assisted travel, and 1 relates to school
Total Number of closed fraud investigations	10	36	29	75	
Total number of on-going fraud investigations	33	13	15		
Number of carried forward Financial investigations from 13/14	13				A Financial investigation is one of many specialist investigative approaches employed by Local Authorities when tackling criminal activity and it is an increasingly well-established discipline. Financial investigators typically operate within the legal framework of the Proceeds of Crime Act 2002 (POCA), which introduced a number of asset recovery powers, including the use of restraint orders and post-conviction confiscation orders as well as cash seizure and civil forfeiture/recovery. Related policies include the Asset Recovery Incentivisation Scheme, which allows Local Authorities to keep a proportion of assets recovered.
Number of new Financial investigations	3	4	0	7	
Number of closed Financial investigations	0	7	5	12	
Total Number of on-going Financial investigations	16	13	8		
Number of dismissals as a result of a CAFT investigation.	1	1	0	2	Please refer to noteworthy investigations (section 3) of the report for further details.
Number of requests authorised for surveillance.	0	0	1	1	In accordance with our policy on Regulation of Investigatory Powers Act 2000 (RIPA) this is reported for information purposes and to support

					statistical return to the Office of Surveillance Commissioners
Number of referrals received under the council's whistleblowing policy.	0	0	0	0	This is reported for information purposes only in accordance with our policy.
	<b>Tenancy Fraud Team</b> prevent, identify, investigate, deter and sanction or prosecute persons that commit tenancy fraud in Barnet, ensuring maximising properties back to the council where Tenancy Fraud has been proven.				
Number of carried forward Tenancy Fraud investigations from 13/14	79				Of the 81 on-going investigations 2 are with our legal provider pending criminal action, 7 cases are currently with our legal provider pending civil recovery action, 10 cases have had notice to quits served on them and the remaining 62 are current investigations.
Number of new Tenancy Fraud investigations	47	34	33	114	
Total Number of closed Tenancy Fraud investigations	35	31	46	112	
Total number of on-going Tenancy Fraud Investigations.	91	94	81		
Number of properties recovered	17	6	11	34	To date 34 properties have been recovered as a result of CAFT investigations into Tenancy Fraud. Please refer to noteworthy investigations (section 3) of the report for further details on example investigations.
Number of 'Right to Buy' applications denied as a result of CAFT intervention	6	4	9	19	This is the first year that we have proactively worked with the 'Right to Buy' service and 'Housing Options' service in relation to Tenancy Fraud fraud Intervention in this area which prevents the loss of valuable council assets. CAFT have focused on providing Fraud awareness training to Barnet Homes staff and to date this year 73 staff in housing options and across Barnet Homes.
Number of Applications denied as a result of CAFT intervention	0	1	0	1	



### 3 Noteworthy investigations summaries:-

#### Benefit Fraud Investigations

**Ms Potamitis** - Relates to a joint investigation with Havering council and the Department for Work and Pensions (DWP) into a benefit claimant where there were concerns that the claimant may be related to the owner of the property. CAFT investigated this matter and when interviewed under caution the claimant admitted that her brother was the owner of the property from which she was claiming benefit. She gave no explanation as to why she had not declared this on the various application forms. However on further investigation evidence showed that in fact Ms Potamitis was actually the owner of the property and so her benefit claim was cancelled. This resulted in a joint overpayment of £189,370.79 housing benefit for the period 1996 - 2013. The matter was passed for prosecution jointly with Havering Council as there were other family members conducting similar fraud in their Borough. Ms Potamitis pleaded guilty and was sentenced to 16 months imprisonment, suspended for 2 years. Confiscation proceedings are now on going to recover the lost funds.

**Mr Hunter** - Relates to a joint investigation with the DWP into a benefit claimant where there were concerns that the claimant may have not declared capital in excess of £50,000. Mr Hunter was interviewed under caution and claimed that the capital belonged to his Mother but admitted he had opened the account. The benefit claim was cancelled by the DWP and Barnet Council and this resulted in an overpayment of £27,659.74 housing and council tax benefit for the period 2007 - 2013. The matter was passed for prosecution jointly with the DWP. Mr Hunter was found guilty and was sentenced to 24 months imprisonment, suspended for 12 months and ordered to do 150 hours unpaid work. He was ordered to pay compensation of the full amount of housing and council tax benefit within 28 days.

#### Tenancy Fraud Investigations

**Mrs A** had a 2 bedroom maisonette in the NW9 area. There were suspicions that she was living abroad and sub-letting the property to another family member. Investigations began into her residency and showed many links to her residing in Southern Ireland. Notices to quit and notices of seeking possession letters were issued and a Court hearing took place and the decision was made for the property to be returned to Barnet Homes.

**Miss B** had a 3 bedroom house in the HA8 area. A referral was received indicating that Miss B was living in Essex and another family member was sub-letting the house. Investigations began into her residency and also the fact that Miss B was also receiving housing benefit in respect of the property. In view of the evidence gathered, Miss B was asked to attend an interview under caution to discuss the matter. She admitted that she had moved out and that her daughter was resident. In view of this fact, the housing benefit was cancelled and this resulted in an overpayment of £1623.14. Miss B has now returned the keys to the property, but it was decided to pass this case to our legal section for offences regarding the tenancy and housing benefit fraud. We are awaiting a court hearing date.

**Mr and Mrs C** had a 2 bedroom flat in NW9. As part of a pro-active data matching exercise, this case was investigated as there were concerns that tenants may not be resident. Investigations commenced and they were then asked to come in for interviews under cautions regarding their tenancy when investigations indicated they owned three other properties and had been sub-letting the council property. A week before the interviews, Mrs C handed the keys to the property back and assumed that no further action would be taken. She was advised that both her and her husband still needed to be interviewed under caution as we had reasonable grounds to believe a criminal offence had been committed. Both Mr and Mrs C were interviewed under caution and the matter is in the process of being passed to our legal section for further action.

## **Corporate Fraud Investigations**

**Case 1** relates to investigations into fraudulent application for a school place in the borough. Investigations revealed that the applicant had indeed given a false address in an attempt to secure a school place for their child on the basis that the false address fell within the catchment area, the investigation resulted in the school place being withdrawn leaving it available to a child who would be entitled to the place and would otherwise have missed out on attending their selected school.

**Case 2** – relates to a temporary member of staff who was found to be making a number of personal phone calls from a council phone at NLBP to family members living in Eastern Europe. Whilst the monetary value attributed to the calls was less than £50 it was felt that issue of trust and a breach of procedures was significant therefore the officer's employment with the council was terminated and reported to the agency.