

Corporate Anti-Fraud Team (CAFT) Progress Report: October – December 2015

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Introduction

This report covers the period 1st October 2015 – 31st December 2015 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 Operating 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. Performance Indicators

Table 1 provides an update against all performance indicators as set out within the 2015/16 counter fraud plan. No targets are set against each of these indicators, as they are the results of CAFT re-active and continuous investigation work.

Table 1

Performance Indicator	Quarter 3 October – December Progress	Comments
<p>Corporate Fraud Team 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 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 Q2	27	
Number of new fraud investigations	30	
Total Number of closed fraud investigations	36	
Total number of on-going fraud investigations	21	<p>Of these 21 investigations, 3 investigations, relate to Barnet Homes, 12 relate to *Blue Badge, 1 relates to planning, 3 relate to waste and recycling, 1 relates to catering and 1 relates to direct payments.</p> <p>Details of cases are reported on closure if fraud is proven or another sanction given.</p>
<p>*Blue Badge Misuse and Fraud</p> <p>From 1st October 2015 The CAFT became responsible for the investigation of Blue Badge Misuse as well as Blue Badge fraud.</p> <p>22 referrals were received from the beginning of this quarter. Of these 7 badges have been seized and 2 are being considered for Prosecution (1 for fraud and 1 for Misuse). 9 warning letters for misuse have been issued and 2 PCNs issued with no further action being taken. A further 2 misuse cases were closed as insufficient evidence. As stated above there are currently 12 on-going investigations into Blue Badge Fraud and misuse.</p>		
Number of prosecutions this quarter.	0	
Number of staff no longer employed as a result of investigations.	3	Please refer to noteworthy investigations sections of the report for further details
Number of school places withdrawn as a result of CAFT intervention / investigation.	1	Please refer to noteworthy investigations section of the report for further details
<p>Financial Investigations - a Financial Investigation under the Proceeds of Crime Act 2002 ensures that any persons subject to a criminal investigation by Barnet do not profit from their criminal action</p>		
Number of carried forward Financial investigations from Q2	12	
Number of new Financial investigations	3	

Number of closed Financial investigations	1	Please refer to noteworthy investigations sections of the report for further details
Total Number of on-going Financial investigations	14	Of these 14 investigations, 1 relates to LBB assisting LB Waltham Forest with a financial case into a benefit fraud, 1 case relates to Tenancy fraud, 6 relate to Benefit Fraud and the recovery of funds back to the council, 3 relate to Planning, 1 relates to Trading Standards, 1 relates to direct Payments and 1 relates to schools finance.
Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	0	This statistic is reported for information purposes in accordance with our statistical return to the Office of Surveillance Commissioners
Number of referrals received under the council's whistleblowing policy.	<p>One whistleblowing referral was received this quarter.</p> <p>This alleged both criminal activity and impropriety within the Street Scene Delivery Unit particularly around the Council Depot Operations and work practices.</p> <p>Due to the varying nature of allegations within the referral it was decided to approach the issues by conducting a CAFT investigation into some specific elements of the referral and address the other elements by conducting a joint Internal Audit and CAFT review covering all of the Street Scenes operations.</p> <p>The joint is audit review has now concluded with a 'No Assurance' report being issued and a number of high priority recommendations being made. Details of this report can be found within the Internal Audit Quarter Three progress report.</p> <p>The CAFT investigation has also now concluded with no evidence of criminal activity being found relating to the allegations. However CAFT did make recommendations to the service regarding consideration of disciplinary action for some staff members in relation to non-compliance with council policy.</p>	
<p>Tenancy Fraud Team 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.</p>		
Number of carried forward Tenancy Fraud investigations from Q1	87	Of the 110 on-on-going investigations there are currently 5 cases with legal awaiting criminal hearings and 5 cases awaiting civil hearings.
Number of new Tenancy Fraud investigations	140	
Total Number of closed Tenancy Fraud investigations	117	
Total number of on-going Tenancy Fraud Investigations.	110	

Number of properties recovered	37	There have 37 properties recovered this year so far. The savings that this number of recovered properties equates to is £5.550m* (*according to audit commission calculation of £150k per recovered property)
Number of 'Right to Buy' applications denied as a result of CAFT intervention	16	The savings in discounts that were offered to tenants in the right to buy scheme are in the region of £814,720
Number of Homeless Applications denied as a result of CAFT intervention	5	We have been working pro-actively with the housing options team and this is starting to have an positive effect in relation to ensuring new applications are genuine and valid.

2. Noteworthy investigations summaries:-

Tenancy Fraud

Mrs N had a two bedroom property in the EN5 area. This case was looked into as part of an exercise undertaken with Circle 33 Housing where we looked into all their properties in our area. Mrs N had been a tenant since 1993. Intelligence checks showed many links to another address in the Isle of Wight. Mrs N was interviewed under caution regarding the matter and denied living in the Isle of Wight, even though checks had shown her to be in employment there and her daughter going to school there. Following the interview with CAFT, Mrs N agreed to relinquish the tenancy of the property. Nomination rights are then given to Barnet Homes to rehouse a tenant into the property.

Mr U had a two bedroom property in the N11 area. A CAFT data matching exercise undertaken against all Barnet Homes tenants showed up a possible discrepancy in this tenancy. It showed Mr U as having many links to another address in the Borehamwood area. Visits were undertaken simultaneously to the tenants address and the address in Borehamwood. The tenant was at the address in Borehamwood and another person was resident in the Barnet Homes property. Following discussions with CAFT, Mr U agreed to relinquish the Barnet Homes property with immediate effect.

Mr T submitted an application to succeed his late grandfathers one bedroom property in NW7, stating that he had resided in the property for 12 months prior to his grandfather passing away. The case was referred from Barnet Homes, who had concerns that he had not been resident at all. Intelligence checks linked him to another property in NW7 and we could find nothing actually linking him his late grandfather's property. Mr T was asked to attend an interview under caution. He attended with his solicitor and gave a pre-prepared statement stating he had not submitted a false application to succeed the property. He made no further comment during the interview. However, shortly afterwards, he returned the keys to the property and withdrew his application to succeed the tenancy to the property.

Mr A was in temporary accommodation. Barnet Homes contacted CAFT as they had concerns he was not resident at the placement. CAFT undertook Intelligence checks and as such we were satisfied that Mr A was not residing in the property. Contact was made with Mr A and he relinquished the property and returned the keys.

Mr G had a two bedroom in the HA8 area. He submitted a right to buy application and CAFT were asked to look into the application to verify the details. Intelligence checks showed that Mr G had been out of the country for lengthy periods but had recently returned to the UK. During interview it was established that he always had intention to return to his property but as he had been away for a period of time he decided to withdraw his right to buy application

Corporate Fraud

Schools Admission Investigation – East Barnet School

A referral was received relating to a school application at East Barnet School stating that a child on their waiting list was not living at the address stated and that the address given was a family member whose address was being used as it was inside the catchment area.

CAFT Intelligence checks revealed that the child's family address was in fact different to that stated to the school and the child was included on a live benefit claim at an address outside the catchment area for the school. The school place was therefore withdrawn and the applicant has now been placed back on the waiting list at their true address, which will therefore mean they will not be offered a place at East Barnet School in the future.

Operation BOLIVAR – Street Scene Refuse Collection

An allegation was received regarding a refuse crew who were suspected of taking cash in exchange for either removing rubbish that should not have been collected from traders as there was no contract in place or collecting excess waste from traders for money over and above the allocated bins that formed part of the traders existing contract with LBB. CAFT initiated an investigation and the CCTV footage taken from the refuse vehicle was viewed and evidence of exchanges between members of the refuse crew and traders was identified.

One member of the crew resigned as soon as he was aware that the allegation was being looked into, a second member of the crew resigned upon receiving a letter from CAFT requesting that he attend an interview under caution and the third crew member was dismissed following CAFT investigation and disciplinary action.

Two of the three operatives were interviewed under caution and a prosecution case against all three crew members has commenced for the offences of Abuse of Position under the Fraud Act 2006, they are due to appear at Willesden Magistrates court on 16th February 2016.

Financial Investigation – Proceeds of Crime (POCA) into Mr SABET

Mr SABET was investigated by CAFT and convicted of benefit fraud in March 2012. He was at the time sentenced to 9 months imprisonment for a fraud that spanned 7 years with a total benefit overpayment of approx. £36,000 spread between, LB Barnet, Enfield, Haringey and the DWP. The case was featured on Saints and scroungers in 2014.

As the lead investigating authority Barnet initiated a financial investigation into Mr SABET's after noting a number of unusual transactions within his personal accounts. The financial investigation concluded in December 2015 when a confiscation hearing took place at Wood Green Crown Court, the judge made a confiscation order against Mr SABET for the sum of £71,880 as well as a compensation order of £18,120 to cover the outstanding balance of his overpayment. *(Under the Governments Incentivisation scheme Local authorities carrying out Proceeds of Crime Investigations receive 37.5% of any proceeds that is confiscated from criminals who have benefited from their criminal activity. 12.5 % is given to the courts for the administration costs and 50% goes directly to the Treasury).*