

Corporate Anti-Fraud Team (CAFT)

Q2 Progress Report: July - September 2016

25th October 2016
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1. Introduction

This report covers the period 1st July 2016 – 30th September 2016 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.

During the last quarter CAFT continued to deliver 'Fraud Risk Awareness' modules as part of the Council's Management Induction Programme. Its aim is to provide a range of learning and development solutions, and to build on manager's current skills, knowledge and behaviour. The Fraud Risk Module was designed, developed and delivered by CAFT and Risk Management teams.

2. Pro-active fraud plan

Table 1 provides an update against any CAFT pro-active activity undertaken in this period as set out within the 2016/17 plan

CAFT Pro-active review	Outcome
<p>Disabled Blue Badge Street Operation.</p> <p>Disabled Blue Badges must only be used by the named badge holder, or by a person who has dropped off or is collecting the badge holder from the place where the vehicle is parked. It is a criminal offence for anyone else to use a blue badge in any other circumstances.</p>	<p>One proactive exercise was carried out by CAFT during the 2nd quarter of 2016-2017.</p> <p>This exercise took place on 29th & 30th September when CAFT officers accompanied by NSL parking enforcement officers and Barnet Police carried out a street based operation in the Burnt Oak, Temple Fortune and Mill Hill areas. During this exercise 103 badges were checked for validity which resulted in 17 cases of misuse being identified. This led to 13 badges being seized; two of which were being used despite the permit holders being deceased and two had been reported stolen.</p> <p>The Operation also resulted in 22 parking penalty charge notices being issued: 16 of which relating to blue badge misuse and a further six for parking related contraventions.</p> <p>Investigations are on-going into all 17 badges that were identified as being misused; outcomes will be reported in future reports.</p>

3. Performance Indicators

Table 2 provides an update against all performance indicators as set out within the 2016/17 fraud plan. *(No targets are set against each of these indicators, they are the results of CAFT re-active and continuous investigation work – with the exception of ‘Properties Recovered’ which is agreed with Barnet Homes as an annual figure of 60 properties).*

Performance Indicator	Q1 2016-17	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 partners, other organisations and law enforcement agencies to ensure that the public purse is adequately protected</p>		
Number of carried forward Fraud investigations from Q1	24	
Number of new fraud investigations	17	
Total Number of closed fraud investigations	9	Please refer to noteworthy investigations sections of the report for further details if fraud is proven.

Total number of on-going fraud investigations	32	Of these 32 investigations, 5 relate to Adults and Com, 10 relate to schools and family services, 4 relate to Street scenes, 8 relate to parking (non BB), 2 relate to Re, 2 relate to procurement and 1 relates to Barnet homes
Number of staff no longer employed / dismissed as a result of CAFT investigations.	nil	
Disabled Blue Badge Misuse and Fraud this details the investigation of Blue Badge Misuse as well as Blue Badge fraud. Blue badges can only be used by the named badge holder, or by a person who has dropped off or is collecting the badge holder from the place where the vehicle is parked. It is a criminal offence for anyone else to use a blue badge in any other circumstances.		
Number of carried forward Fraud investigations from Q1	56	
Number of new referrals received	49	As a result of these 49 referrals 27 badges have been seized.
Number of BB cases closed	24	9 cases were successfully prosecuted (Please refer to noteworthy investigations sections) 1 closed fraud Proven, 3 closed No fraud, 5 Warning letters issued, 6 Closed insufficient evidence
Open On-going BB investigations	81	10 cases are already with our legal team for prosecution 71 are on-going investigations
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		
Number of carried forward Financial investigations from 15-16	8	
Number of new Financial investigations	2	
Number of closed Financial investigations	nil	
Total Number of on-going Financial investigations	10	Of these investigations, 3 relate to planning (see noteworthy case for update regarding Rahmdezfouli), 1 relates to Revs and Bens, 1 relates to Trading standards and 2 relates to Direct Payments, 2 relate to Safeguarding Adults, 1 relates to Barnet Homes. Details of cases are reported on closure if fraud is proven or another sanction given.

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.

CAFT provide a detailed monthly statistical report, along with a more comprehensive quarterly report to Barnet Homes outlining how many properties have been recovered, along with a list of all referrals from the neighbourhood officers and the current status of the cases referred.

Number of carried forward Tenancy Fraud investigations from Q1	107	
Number of new Tenancy Fraud investigations	72	Of the 102 on-going investigations there are currently 3 cases with legal awaiting criminal hearings and 3 cases are awaiting civil hearings.
Total Number of closed Tenancy Fraud investigations	77	
Total number of on-going Tenancy Fraud Investigations.	102	Of the 31 properties recovered this year these include 2 succession applications being denied and 3 emergency accommodation properties being cancelled. The savings that this number of recovered properties equates to is £4,650,000* <i>*according to audit commission calculation of £150k per recovered property</i>
Number of properties recovered	31	
Number of 'Right to Buy' applications denied as a result of CAFT intervention	7	There is a maximum discount of £103,900 per property on right to buy cases. CAFT have saved £708,400 in discounts in the current financial year.
Number of Housing Applications denied as a result of CAFT intervention	4	CAFT have a close working relationship with the housing options team and liaise with them on a regular basis
Regeneration properties where number of bedrooms has been reduced following CAFT investigation	2	These are when tenants are stating other persons are resident in order to obtain extra bedrooms in regeneration properties
Joint tenancy denied	1	This is when a tenant has attempted to add another person onto the tenancy
Other information reported as per requirements of policy.		
Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	Nil this quarter. This statistic is reported for information purposes in accordance with our policy and statistical return to the Office of Surveillance Commissioners.	
Number of referrals received under the council's whistleblowing policy.	No whistleblowing referrals have been received this quarter.	

4. Noteworthy investigation summaries:-

Tenancy Fraud Investigations

Ms A had a two bedroom flat in Barnet. As part of a pro-active data matching exercise, this case was investigated as there were concerns that the tenant may not be resident. Further checks showed that Ms A was a joint owner of a property in another area for many years and had many other links to the property. Notices were served to recover the property Ms A was interviewed under caution and continued to state that she did reside in Barnet, but the evidence was overwhelming and following the interview confirmed that she was living in the other area and agreed to hand the keys back to the property, which she duly did. Due to the fact that Ms A had been subletting the property for many years and actually owned another property at the same time, the case has been passed to our legal team to commence criminal proceedings.

Mr B had a bedsit in Barnet. A referral was received that the property was being sublet. A visit was made to the property and we spoke with the sub-tenant. Notices were served to recover the property at both the tenancy address and the address we believed the tenant to be residing. Mr B made contact to say he wished to give the tenancy up and the property has now been recovered.

Mr C had a three bedroom flat in Barnet. A referral was received stating that Mr C was not residing in the property.. Unannounced visits were made to the property and on two occasions the same male answered. He initially stated that Mr C was abroad, but checks with UKBA showed this not to be the case, so notices were served to recover the property. Following this Mr C made contact with the office and eventually agreed to hand the keys back to the property.

Mr D had a three bedroom flat in Barnet. CAFT assisted Barnet Homes in a key fob exercise on an estate in this area and credit checks were undertaken on all properties to be given new fobs. This check identified various discrepancies in respect of Mr D's tenancy including having a mortgage on another property and lots of credit cards elsewhere. On the day of the key fob exercise, Mr D's brother attended to collect the key fob and when questioned admitted he had "taken over" the tenancy. Notices were served to recover the property and the matter was passed to our legal team to instigate civil legal proceedings. Once the tenant was aware of this, Mr D contacted CAFT and agreed to relinquish the tenancy and duly did so.

Miss E was in a three bedroom emergency accommodation outside Barnet. A referral was received from an officer in the emergency accommodation team stating they had concerns that the tenant was not resident. A joint unannounced visit was arranged, and CAFT officers were met at the property by the landlord. On entering the property, it was obvious that the tenant was sub-letting the property. A sub-tenant provided a statement saying that he had been resident for 2 weeks and another sub-tenant said that they had been in the property for a longer period of time. As a result of the investigation, the emergency accommodation was cancelled and the duty to house Miss E was discharged.

Miss F made a homeless housing application and stated that she was living at her parents address and it was overcrowded. CAFT had recovered her previous property as we were satisfied that she was not resident at that property. Housing options made contact with CAFT to assist in the housing application. As a result of the information supplied, they came to the decision that Miss F had made herself intentionally homeless at her previous address as she had accrued rent arrears and was not residing there. Miss F did appeal against the decision but it was not upheld.

Mr G has a one bedroom flat in Barnet and was being reassessed as part of the regeneration scheme and claimed he had a two bedroom need. However a CAFT investigation showed that this was false so the request was denied and Mr G was offered a one bedroom property.

Corporate Fraud Investigations

All cases mentioned below have been through the criminal courts and so are in the public domain

Mr Rahmdezfouli – Proceeds of crime (POCA) Case

'A landlord who was previously found guilty of breaching a planning enforcement notice has been ordered to pay a record fine and costs to Barnet Council after a lengthy and complex Proceeds of Crime investigation led by the Council's Corporate Anti-Fraud Team (CAFT).'

Mr Rahmdezfouli was found guilty at Wood Green Crown Court in August 2015 for breaching a planning enforcement order. Following the guilty verdict CAFT initiated an investigation under the Proceeds of Crime Act (POCA).

CAFT Specialist Financial investigators were able to investigate the case using special powers under the POCA to both identify and calculate the criminal benefit that Mr Rahmdezfouli had received. These officers were able to restrain properties to secure assets that would be used during the confiscation process. At the end of the POCA hearing at Wood Green Crown Court on 21st September 2016 His Honour Judge Patrick found in favour of Barnet council and a confiscation order was made against Mr Rahmdezfouli for an amount of £555,954 being the profit generated from his criminal conduct at Wood Green Crown Court on 21 September. He was also fined £65,000 and ordered to pay £80,000 in costs

Under the governments POCA incentivisation scheme the confiscation amount of £555,954 will be split into 3 parts - £277,977 (50%) goes to the Treasury, £69,494 (12.5%) goes to the courts and **£208,482 (37.5%) comes to Barnet council.**

Blue Badge Misuse - Mr Rosenthal

On the 17th August 2015, a Grey Range Rover Sport was parked in, NW11 displaying a photocopy of blue badge. A Penalty Charge Notice was issued to the vehicle. The Vehicle owner and badge holder appealed against the PCN stating that her vehicle was incorrectly ticketed as she was parked on a single yellow line and was displaying her disabled blue badge. CAFT conducted an investigation which revealed that the badge holders' son had copied the original badge for his own use. On the 30th August 2016, Mr Rosenthal attended court and pleaded guilty to the offence of misusing a blue badge under the Road Traffic Regulation Act 1984. Mr Rosenthal was fined £380, given a victim surcharge of £38 and ordered to pay full court costs of £675, therefore a total of £1,093.

Blue Badge Misuse Mr Mohammed

In June 2016 CAFT officers Carried out a Blue Badge Misuse exercise in the Hendon area. A verification check on a blue badge being displayed in Babington Road NW4 revealed that the badge owner did not correspond to the vehicle owner who was a student at the Middlesex University site across the road. Officers went to the university to speak to the owner of the vehicle, Mr Mohammed, who confirmed the badge belonged to a family member who was not present. The badge was seized. Mr Mohammed submitted a written guilty plea at Willesden Magistrates Court. Mr Mohammed was fined £400 and ordered costs of £140 to be paid along with a Victim surcharge £40.

Blue Badge Misuse Mr Birol

In June 2016 CAFT officers Carried out a Blue Badge Misuse exercise in the Hendon area. Whilst conducting a verification check on a blue badge being displayed in Babington Road NW4 the check revealed that the badge belonged to an elderly lady but information received suggested that the vehicle belonged to a student at the Middlesex University site across the road. Officers went to the university to speak to the owner of the vehicle, Mr Birol, confirmed that the badge belonged to a family member who was not present. The badge was seized. Mr Birol submitted a written guilty plea at Willesden Magistrates Court and he was fined £400 and ordered costs of £140 to be paid along with a Victim surcharge £40.

Blue Badge Misuse - Ms Kyriacou

In June 2016, CAFT officers witnessed a vehicle parking outside the council buildings at North London Business Park. CAFT officer's suspicions were raised when the car parked on double yellow lines opposite St Andrews School and a female driver got out and ran over to the school. Checks were conducted and on the lady's return to the vehicle CAFT officer inspected the Blue badge which revealed that the badge belonged to the driver's relative who was not present so it was seized. Further investigation identified that the driver had been taken to court previously for misusing a relative's badge. Ms Kyriacou pleaded Guilty via post to the offence of misusing a disabled badge. Ms Kyriacou was fined £800 and ordered to pay costs of £906.79 as well as a victim surcharge of £80.

Blue Badge Misuse Mr Wilsher

During a CAFT blue badge exercise in March 2016 in the Finchley area a verification check was conducted on a badge being displayed in a parked vehicle. As the check was being done the driver of the vehicle, Mr Wilsher, returned and was questioned by the CAFT Officer. He confirmed that the displayed badge belonged to his deceased relative and admitted the misuse. The badge was seized. Mr Wilsher pleaded Guilty via post to Willesden Magistrates court for the offence of misusing a disabled badge. Mr Wilsher was fined £600 and ordered to pay costs of £773 and a victim surcharge of £60.

Blue Badge Misue - Miss Quronfoleh

In June 2016 CAFT officers and Police conducted a Blue badge exercise in the Hendon area. CAFT officers noticed a vehicle parked in a disabled bay in St Joseph's grove next to the Town Hall. A verification check was done on the badge was revealed that the badge in fact belonged to a deceased person. Police checks confirmed that the vehicle belonged to Miss Quronfole who we established was a student at the university. On returning to her vehicle CAFT officers seized the badge. Miss Quronfoleh attended Court and pleaded Guilty to the offence of misusing a disabled badge. Miss Quronfoleh was fined £500 and ordered her to pay costs of £790 and a victim surcharge of £50.

Blue Badge Misuse - Mr Bohrer

During the course of a CAFT blue badge operation Mr Bohrer was found to be displaying a laminated copy of his friends blue badge.. As a result he was brought before Barnet Magistrate court where he pleaded guilty to offences of Fraud by false representation and of Making / supplying an article for use in fraud. Mr Bohrer was ordered to pay a victim surcharge of £60.00 and to pay costs of £85.00 to the Crown Prosecution Service. Some weeks later Mr Bohrer was again found to be using a copy of the same blue badge. As this was a second offence CAFT contacted the police who arrested him and he was again brought before Magistrates. Mr Bohrer was sentenced to 14 months imprisonment for offences contravening the Fraud Act 2006 and for perverting the course of justice. This case is a good example of CAFTs joint working with the Police service.

Blue Badge Misuse - Ms Wachmann

As a result of a referral from NSL officers who reported seeing a female park her vehicle and enter nearby building and after checking the badge identified that it belonged to an elderly male. CAFT officers attended the scene and located the driver who was Ms Wachmann. She confirmed she parked her vehicle displaying a relatives badge and went into her place of work The blue badge was seized due to the fact that her relative was not present at the time that the badge was being used. On the 16th August 2016, Ms Wachmann pleaded guilty by post to Willesden Magistrates Court and was fined £100 and ordered to pay costs of £525 as well as a victim surcharge of £20.

Blue Badge Misue - Ms Jones

In June 2016 CAFT officer conducted checks on vehicles displaying blue badges at NLBP. A vehicle was found to be displaying the badge of a deceased person. The driver of the vehicle returned whilst CAFT officers were still with the car and identified the driver as Ms Jones. She admitted to using a relatives blue badge and that she had used to park at work. The Badge holder had passed away in April 2015 but she failed to return the badge back to Harrow Council. Ms Jones pleaded Guilty via post to the offence of misusing a disabled badge. Ms Jones was fined of £800 and ordered her to pay costs of £842 and a victim surcharge of £80.