

Corporate Anti-Fraud Team (CAFT) Progress Report: April – June 2017

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1. Introduction

This report covers the period 1st April 2017 – 30th June 2017 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 on 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 have further developed relationships with other local authorities namely London Borough of Haringey where joint working and assistance has been established to utilise the enhanced investigative powers of the CAFT Financial Investigators in relation to Proceeds of Crime investigations.

The tables below will show that the CAFT investigators have dealt with a total of 357 allegations of fraud in this first quarter of 2017/18

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 2017/18 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>CAFT have conducted two intelligence led pro-active 'street' Operations in quarter 1 – during these exercises CAFT officers are accompanied by NSL Parking Enforcement Officers and Barnet Police.</p> <p>The first Operation spanned a half day and was carried out on 25th May 2017 in the Golders Green area. <i>As a result of this exercise 7 cases were identified for further investigation. Out of these 1 was a forgery, 2 were cancelled and 4 were being misused. 6 badges were seized during the day.</i></p> <p>The second Operation was carried out on 28th June 2017 in the Edgware and Mill Hill areas.</p> <p><i>As a result of this operation 13 cases were identified for further investigation. Out of these 1 was a cancelled badge and 12 were being misused. 5 badges were seized during the day.</i></p>

3. Performance Indicators

Table 2 provides an update against all performance indicators as set out within the 2017/18 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 2017-18	Comments
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		
Number of carried forward Fraud investigations from 16-17	27	
Number of new fraud investigations	21	
Total number of Cases dealt with in Q1	48	
Total Number of closed fraud investigations	21	Please refer to noteworthy investigations sections of the report for further details.

Number of staff no longer employed / dismissed as a result of CAFT investigations.	1	Please refer to noteworthy investigations sections (case 7) of this report for further details of closed cases.
Total number of closed cases in Q1	22	
Number of cases awaiting legal action	1	There is currently 1 investigation that is with our legal team for prosecution.
Total number of on-going fraud investigations	25	5 relate to School Admissions, 5 relate to assisted travel (NFI), 4 relate to schools and Learning, 2 relate to Parking, 2 relate to Re - planning, 2 relate to Safeguarding Adults, 1 relates to Electoral registration 1 relates to Street scenes waste, 1 relates to Procurement, 1 relates to Facilities 1 relates to Direct Payments
Total number of cases carried into Q2	26	
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 16-17	37	
Number of new referrals received	54	As a result of these referrals 22 badges have been seized.
Total number of BB cases dealt with in Q1	91	
Number of cases that were closed after prosecution in Q1	6	These cases were put before the courts in this first quarter and resulted in 6 guilty verdicts. Please refer to noteworthy investigations sections of the report for further details
Number of cases closed with Cautions being Administered in Q1	12	Please refer to noteworthy investigations sections of the report for further details
Number of cases closed with a warning letter sent to badge holder in Q1	12	Warning letters* are issued where there is a strong suspicion that a holders badge is being misused. *some relate to Barnet badges seized by other local authorities
Number of cases closed with no further action by the Authority	14	2 were closed as no Fraud identified, 2 were referred to Police, and 10 were closed due to insufficient evidence.
Total number of BB cases closed in Q1	44	
Number of cases with legal awaiting court action	9	All of these cases are already with our legal team for prosecution
Number of On-going BB investigations	38	
Total number of BB cases Carried into Q2	47	

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 16-17	11	
Number of new Financial investigations	1	
Total number of Financial cases in Q1	12	
Number of closed Financial investigations	3	Of these 3 cases, 1 was referred to Police, 1 was closed no fraud identified and 1 closed due to insufficient evidence
Total number of closed Financials in Q1	3	
Total Number of on-going Financial investigations	9	Of these investigations, 4 relate to planning, 2 relate to Tenancy Fraud, 1 relates to Schools & Learning, 1 relates to Adults and Communities. There is a further 1 investigation which is a joint venture with Haringey Council. Details of cases are reported on closure if fraud is proven or another sanction given.
Total number of Financials carried into Q2	9	

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 half year and year-end 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 16-17	91	
Number of new Tenancy Fraud Cases	65	
Number of new Right to Buy Cases checked	50	As from April 2017 CAFT took on the responsibility for vetting all Right to Buy Applications submitted to Barnet Homes.
Number of cases dealt with in Q1	206	
Number of Tenancy cases closed due to property being recovered by the Authority	19	These were recovered due to the properties being sublet or where the tenants were not in occupation: 5 relate to succession applications 6 relate to emergency housing 8 relate to standard tenancies
Number of cases closed relating to Housing Applications that were denied as a result of CAFT intervention	3	CAFT now work closely with the Housing Options Team and carry out checks to identify inaccurate applications for housing.

Number of Right to Buy cases closed due to applications being denied as a result of CAFT intervention	5	A saving of £103,900 in discounts on 1 property was achieved by CAFT preventing the sale of the property due to the application being withdrawn as a result of CAFT involvement. 4 of the cases did not get to the valuation stage due to our investigations so the discount was not applied.
Number of Tenancy cases Closed	42	These cases were investigated but no tangible evidence was identified to substantiate the allegations. <i>These cases were closed as Insufficient Evidence or No Fraud Identified</i>
Number of Right to Buy cases closed as eligible to apply	22	All Right to Buy cases are now validated by CAFT. These cases were validated has having no issues and so allowed to progress through the system
Total number of cases closed in Q1	91	
Total number of on-going Tenancy Fraud Investigations.	92	Of these 92 cases 3 are with legal awaiting Criminal prosecution and 6 are with legal awaiting Civil action.
Total number of on-going Right to Buy Investigations.	23	
Number of Housing cases carried into Q2	115	
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.	Nil this quarter. This is reported in accordance with Policy.	

4. Noteworthy investigation summaries:-

Tenancy Fraud Investigations

Mr A had a one bedroom flat in Barnet. A referral was received from the housing team as there were concerns the tenant was not resident in the property. Following an investigation, Mr A was found to be living abroad. The property was recovered through civil proceedings as the tenant did not make any contact.

Mrs B had a one bedroom flat in Barnet. During a key fob exercise, it was found that she had a mortgage elsewhere prior to obtaining the tenancy in Barnet. Mrs B was interviewed under caution regarding the matter and the property was subsequently recovered when an outright possession order was granted. Bailiffs attended the property to recover the property and there is currently an on-going criminal case that is with our legal department.

Mrs C had a two bedroom flat in Barnet. A referral was received following the gas safety team visiting the property and having concerns that the tenant was not resident. Further checks showed that the tenant actually

owned another property and was living elsewhere. Following an interview under caution, Mrs C decided to hand the keys back and surrender the tenancy. There is currently an on-going criminal case that is with our legal department.

Mrs D had a two bedroom flat in Barnet. A referral was received stating that the tenant was sub-letting the property. Unannounced visits were made to the property without success and further investigation showed that Mrs D was not resident. She was interviewed under caution and subsequently relinquished the tenancy to the property in Barnet.

Mrs E had a one bedroom flat in Barnet. A referral was received from the neighbourhood team voicing concerns that the tenant was not resident. Unannounced visits were made to the property without response and further investigation linked the tenant to another property. Following discussions, the tenant decided to surrender the tenancy to the property.

Mrs F had a one bedroom emergency accommodation outside of the borough. A referral was received from the emergency accommodation team that there were concerns Mrs F was not resident. Investigations established that Mrs F had actually moved abroad so the property was subsequently recovered and her name was removed from waiting list

Blue Badges & Corporate Fraud Investigations

Case 1 – relates to an Estate Agent who was misusing a cancelled disabled Blue Badge to park for business. Following an investigation he was summoned to court in April 2017 and was sentenced to a fine of £660, ordered to pay costs of £964 and a Victim Surcharge of £66.

Case 2 – relates to the misuse of a stolen disabled badge. The defendant stated that she had found the badge prior to displaying it on her vehicle. She was summoned to court in April 2017 and pleaded guilty by post and was sentenced to a fine of £253, ordered to pay costs of £502 and a victim surcharge of £30.

Case 3 – relates to the misuse of a disabled badge by the badge holders son who had parked for free without his mother being present and had continued to deny that he misused the badge although CCTV evidence showed he had. He was summonsed to court in April 2017 and was sentenced to a fine of £600, ordered to pay costs of £600 and a £60 victim surcharge.

Case 4 – relates to the misuse of a child's disabled badge by the badge holder's mother. Despite the mother's attempts to miss-lead investigators by providing false documentation, she was summoned to court in April 2017 and pleaded guilty by post. She was sentenced to a fine of £440, ordered to pay costs of £936 and a victim surcharge of £44.

Case 5 – relates to the misuse of a disabled badge by a restaurant owner who had used his elderly mother's badge without her being present. He had previously been subject to an investigation into the same offence and was given a warning. When he committed the offence a second time, he was summoned to court in June 2017 and pleaded not guilty. He subsequently changed his plea to guilty after reviewing the compelling evidence against him. He was sentenced to a fine of £500, ordered to pay costs of £500 and a victim surcharge of £50.

Case 6 – relates to the misuse of a child's blue badge by the badge holder's mother. She had used his badge whilst he was at school and had been advised this was a criminal offence by the Civil Enforcement officer. She later that day used the badge for a second time and received two penalty charge notices. She admitted in interview that she had misused her son's blue badge. She was summoned to court in June 2017 and pleaded guilty by post. She was sentenced to a fine of £300, ordered to pay costs of £300 and a victim surcharge of £30.

Case 7 – relates to the submission of inaccurate expense claims. Hand written invoices were accepted and allowed to be processed. The ensuing investigation found that weak processes and poor record keeping had led to the approval of these claims. CAFT have made recommendations to the area affected on how to improve these processes and highlighted the issues to the Audit Department. Due to the unverifiable origins of the amounts being claimed it was not possible to calculate an accurate overpayment figure (estimated to be in the

region of a few hundred pounds). The member of staff involved resigned from his post prior to disciplinary action being taken by the authority and the case was closed.

Simple Cautions (formerly known as Formal or Police Cautions)

The aims of the simple caution scheme are:

To offer a proportionate response to low-level offending where the offender has admitted the offence;

To deliver swift, simple and effective justice that carries a deterrent effect;

To record an individual's criminal conduct for possible reference in future criminal proceedings or in criminal record or other similar checks;

To reduce the likelihood of re-offending;

To increase the amount of time police/investigation officers spend dealing with more serious crime and reduce the amount of time officers spend completing paperwork and attending court, whilst simultaneously reducing the burden on the courts.

Twelve cautions were administered by CAFT in Q1 where disabled blue badges were found being misused. Following investigative interviews under caution, the circumstances of these cases allowed CAFT to consider them to be dealt with by way of the administration of a formal caution.

Six of these cases related to instances where errands were being run by family members on behalf of the badge holder. These errands related to the collection of items such as medication. The offenders stated that they believed that the badge could be used for such action but when the Blue badge scheme was explained to them they realised that their actions fell outside of what was permitted.

Five cases related to situations where the offenders had been given permission by the badge holder to use the badge. The offenders stated that they believed that they could use the badge with permission. When the Blue badge scheme was explained to them they realised that their actions fell outside of what was permitted. In all five cases warning letters were sent to the Badge holders.

One case related to a situation where the offender was adamant that the blue badge in question was left on the dashboard after dropping off the badge holder. Whilst an offence had been committed which the offender agreed, it was deemed to be inappropriate to pursue the case through the courts.