

Corporate Anti-Fraud Team (CAFT) Progress Report: April – June 2014

1st July 2014

Clair Green

Assurance Assistant Director

This report covers the period 1st April 2014 – 30th June 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 intricately 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 do 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.

Since last reporting there has been an update relating to the Single Fraud Investigation Service (SFIS) in that Barnet now has a confirmed transfer date of 1st July 2015. SFIS is the creation of a national single integrated fraud investigation service within the Department of Work and Pensions (DWP). It will have statutory powers to conduct single investigations and sanctions covering the totality of welfare benefit fraud (all DWP benefits, Local Authority benefits and HMRC credits). It will not have responsibility for other Local Authority Fraud such as Internal Fraud, Tenancy Fraud, Council Tax Replacement or discounts Fraud this will remain with the council.

On the 1st July 2015 Barnet will transfer both the benefit fraud investigation work and the CAFT employees principally undertaking the work to the DWP. Following the transfer staff will be employed by the DWP and will relocate to DWP offices. Full details of the staff transfer and impact of this new investigation service to the council are not known at this stage as the DWP will engage with each local authority individually to discuss details 4-6 months prior to the their transfer date. At the time of DWP engaging with Barnet a further update will be provided for discussion and information.

Housing Benefit Fraud investigation has been established within CAFT for many years and operates in accordance with the Counter Fraud Framework and DWP's Fraud and Error Strategy, investigation and sanction regime. This is now a year of transition for the DWP to SFIS and as such there are a number of procedural and legislative changes that are coming into effect as well as preparations for the implementation and transfer. CAFT are responding and complying accordingly with these changes as they happen, whilst ensuring to provide a continuous, effective and value for money anti-fraud service.

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1. Joint Internal Audit and CAFT reviews

Table 1 provides an update as at the end of Quarter 1 against joint reviews planned for Quarter 1 as detailed within the Joint plan with Internal Audit 2014-15.

Area of review	Risk being addressed	Outcome
<p>Your Choice Barnet – contract review <i>(Joint review with Internal Audit)</i></p> <p>Review to analyse a sample of employees within Care Homes to verify that they have legitimate identity documents and the right to work in the UK</p>	<p>There is a risk that care workers may be working without the appropriate clearances for eligibility or right to work.</p>	<p>As part of the 2014/15 CAFT annual plan agreed by the Audit Committee in April 2014, we have undertaken a joint review with internal audit of the ‘Your Choice Barnet’ (YCB) contract management arrangements.</p> <p>CAFT reviewed records of 123 YCB employees and found that 89 were valid and eligible to work in the UK. The remaining 34 are subject to further enquiries at the time of reporting and are being dealt with on a case by case basis directly with ‘Your Choice Barnet’.</p> <p>Full details and recommendations relating to this review can be found in the Internal Audit Quarter 1 Progress Report.</p>
<p>Disabled Blue Badges <i>(Joint review with Internal Audit)</i></p> <p>A review of a sample of current blue badges to confirm legitimacy.</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>As part of the 2014/15 CAFT annual plan agreed by the Audit Committee in April 2014, we have undertaken a joint review with internal audit of Disabled Blue Badges (BBs).</p> <p>CAFT reviewed 92 of 500 badges that were recorded as applications made but had not attended a face to face identity appointment. CAFT carried out visits to the applicants. The results showed:</p> <ul style="list-style-type: none"> • 36 of the applicants stated that they had not received correspondence from the council informing them of the current state of their application; • 9 applicants were deceased at the time of the visit; • 5 applicants had received their badge in the post contrary to what the council system indicated; • 3 applicants stated they did not want or need the badge since application; and • 19 are currently going through a

		<p>process of further investigation as there are indications of application fraud.</p> <ul style="list-style-type: none"> • 20 were not able to be contacted <p>Full details and recommendations relating to this review can be found in the Internal Audit Quarter 1 Progress Report.</p>
<p>Transport contracts <i>(Joint review with Internal Audit)</i></p> <p>Review to analyse a sample of invoices for verification purposes.</p>	<p>If validation of invoices does not take place then there is a risk of duplicate or fraudulent invoicing resulting in loss to the public purse.</p>	<p>As part of the 2014/15 CAFT annual plan agreed by the Audit Committee in April 2014, we have undertaken a joint review with internal audit of Transport Contracts.</p> <p>Fieldwork is currently underway; results will be reported in Quarter 2.</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 Progress	Comments
<p>Benefit Compliance Team 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	£112,033.12	
Total amount of Error overpayments identified in Benefits system	£262,015.44	
Combined amount Fraud and Error identified within the Benefits System	£374,048.56	
Amount of council tax – single person discount fraud identified	£22,383.52	<p>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>

Benefit Fraud Investigation Team 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.

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	
Total Number of closed Benefit Fraud investigations	48	
Total number of on-going Benefit Fraud investigations	244	
Number of cautions issued	4	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	
Number of prosecutions	5	
Total number of Sanctions	15	
Number of sanctions issued per investigations officer	4	

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 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

Number of carried forward Fraud investigations from 13/14	10	
Number of new fraud investigations	33	
Total Number of closed fraud investigations	10	
Total number of on-going fraud investigations	33	Of these 33 investigations, 19 relate to Blue Badge Fraud which was identified as part of the proactive exercise and 14 are from other areas across the council. Details of cases are reported on closure if fraud is proven or another sanction given.
Number of carried forward Financial investigations from 13/14	13	
Number of new Financial investigations	3	
Number of closed Financial investigations	0	
Total Number of on-going Financial investigations	16	Of these 16 financial investigations, 9 cases relate to Benefit Fraud and the recovery of funds back to the council and 7 relate to other cases

		from around the council.
Number of prosecutions	0	
Number of dismissals as a result of a CAFT investigation.	1	Please refer to noteworthy investigations (section 3) of the report for further details.
Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	0	This 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.	0	This is reported for information purposes only in accordance with our policy.
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.		
Number of carried forward Tenancy Fraud investigations from 13/14	79	
Number of new Tenancy Fraud investigations	47	
Total Number of closed Tenancy Fraud investigations	35	
Total number of on-going Tenancy Fraud Investigations.	91	
Number of properties recovered	17	We have agreed an annual figure to relating to recovering 70 properties over the year with Barnet Home and are currently on target to achieve this.
Number of 'Right to Buy' applications denied as a result of CAFT intervention	5	This is the first year that we have proactively worked with the 'Right to Buy' service.
Number of Homeless Applications denied as a result of CAFT intervention	0	This year we have begun to proactively work with the 'Housing Needs Service' within Barnet Homes in relation to fraud awareness in relation to application fraud and are planning to agree a new process that will enable them to identify fraudulent applications as early as possible.

3. Noteworthy investigations summaries:-

Benefit Fraud Investigations

Ngesa - Relates to an investigation into a benefit claimant that had failed to declare his wife's earnings. When Mr Ngesa had applied for benefit in 2007 he claimed that his wife was not working, when in fact

investigations revealed that she had been working continuously since 2003, other than a 2 month period of sick leave in 2007. Mr Ngesa was also employed, but he had declared his own employment. CAFT investigated this case and when interviewed under caution he answered all the questions, and admitted making mistakes but claimed that they were not intentional. The claim was cancelled and this resulted in an overpayment of £52,608 for the period 2007 – 2012. The matter was passed for prosecution. Mr Ngesa has pleaded guilty to the offences and is currently awaiting sentencing in July this year.

Lawton –Relates to a benefit claimant that had failed to declare a private pension. CAFT investigated the case and when interviewed Miss Lawton claimed that she had not declared the pension as she felt that the council owed her money from previous years. The overpayment was £3,868 Miss Lawton was originally offered an administrative penalty but she declined to accept this and so in accordance with our policy the matter was passed for prosecution. Miss Lawton pleaded guilty and was fined £80, £60 contribution to costs and £120 victim surcharge as well as being ordered to repay the overpayment.

Xava De Pina –Relates to an investigation into a benefit claimant that had failed to inform the council that he was a student. Subsequent investigations also revealed that the child he was claiming for did not live with him. The overpayment was £3,799 and the matter was passed for prosecution. Mr Xava De Pina pleaded guilty to all charges and was sentenced to community order of 80 hours unpaid work, £60 victim surcharge and £500 contribution to costs as well as being ordered to repay the overpayment.

Tenancy Fraud cases

Mrs A had a 3 bedroom house in the HA8 area. There were suspicions that she was living abroad and sub-letting the property to family members. Investigations began into her residency and on her return to the country she was contacted by CAFT and attended an interview under caution. She stated that she and her children were back for good and always had the intention to return and that family members had just looked after the property for her. An agreement was made with Mrs A to return the keys to the property and surrendered the tenancy.

Mr O had a one bedroom flat in the EN5 area. The housing officer had suspicions for some time that Mr O was not actually resident and referred the matter to CAFT. Investigation began into the residency of Mr O which revealed that he was not sub-letting the property, but that he was merely visiting it on the odd occasion to collect post and it is our belief that he was residing with his parents. Mr O refused to allow officers into the property when a visit was arranged and he was requested to attend a interview under caution. Shortly after receiving the letter he contacted CAFT and he returned the keys to the property and surrendered the tenancy.

Mrs R made an application to succeed her Mother to a flat in NW2. A credit check suggested that she actually resided nearby with her son in a private flat. A visit was made to the flat with the housing officer; another relative was present at the time decorating the property and said that Mrs R was out of the county attending a funeral. She made contact with CAFT upon her return and a letter was sent to her to attend an interview under caution. During the interview she was adamant that she had resided with her Mother for over 2 years and her son rented the other flat. However when challenged on this she asked for the interview to be suspended for a short while. When the interview under caution recommenced Mrs R's solicitor confirmed that her client would be handing the keys back and withdrawing her application to succeed the tenancy.

Corporate Fraud

An internal investigation commenced into a Catering Services school based staff member after information was received which led us to believe that the staff member stole food from the school kitchen on a regular basis.

CAFT officers attended the school to speak with the staff member and witnessed them leave the kitchen area with 2 large bags filled with food supplies. She was stopped and asked to empty her bags on to the table. The bag contained large quantities of food supplies from the school kitchen. Further investigations were made and the case was passed to the service to conduct a disciplinary hearing. A disciplinary hearing was held on 26th June and the staff member was dismissed from the council for gross misconduct.