

Corporate Anti-Fraud Team (CAFT) Progress Report: April – June 2015

July 2015
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Introduction

This report covers the period 1st April 2015 – 30th June 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 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.

On the 1st July 2015 Barnet area became a Single Fraud Investigation Service (SFIS) site in relation to benefit fraud investigations. SFIS is the creation of a national single integrated fraud investigation service within the Department of Work and Pensions (DWP). It has 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 CAFT Team.

As such CAFT migrated 105 on-going benefit cases to SFIS and 3 investigators from CAFT also transferred to the DWP. Following the transfer staff are now employed by the DWP and relocated to DWP offices. The first quarter of 2015 was in effect the transitional months ahead of the transfer – however good results were still obtained in relation to investigations closed during that period and these are detailed within the body of the report.

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1. Performance Indicators

Table 2 provides an update against all performance indicators as set out within the 2015/16 fraud plan.

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

Performance Indicator	Quarter 1 April – June Progress	Comments
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.		
Total amount of Fraud overpayments identified in Benefits system	355,903	
Total amount of Error overpayments identified in Benefits system	105,345	
Combined amount Fraud and Error identified within the Benefits System	461,248	
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 14/15	148	As part of the SFIS – 105 ongoing investigations were transferred to the DWP on the 1 st July 2015.
Number of new Benefit Fraud investigations	5	
Total Number of on-going Benefit Fraud investigations transferred to the DWP	105	
Total number of closed cases – no fraud	25	
Total number of Sanctions*	23	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 cautions issued	2	
*Number of administration penalties issued	17	
*Number of prosecutions	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 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 14/15	44	The carried over figure was higher this year due to the Pro-active exercise on admissions which resulted in 25 school admissions cases being carried over for further investigation
Number of new fraud investigations	14	
Total Number of closed fraud investigations	21	
Total number of on-going fraud investigations	37	Of these 37 investigations, 15 relate school admissions which were identified as part of the pro-active exercise and 8 relate to Blue Badge fraud 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 prosecutions	1	Please refer to noteworthy investigations sections of the report for further details
Number of dismissals as a result of a CAFT investigation.	2 (1 case involving 2 staff)	Please refer to noteworthy investigations section of the report for further details.

Financial Investigations - a Financial Investigation under the Proceeds of Crime Act 2000 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 13/14	9	
Number of new Financial investigations	1	
Number of closed Financial investigations	1	
Total Number of on-going Financial investigations	11	Of these 11 financial investigations, 6 cases relate to Benefit Fraud and the recovery of funds back to the council and 3 relate to Planning, 1 relates to Trading Standards and 1 relates to Tenancy Fraud
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.	1	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 14/15	87	Of the 68 on-on-going investigations there are currently 6 cases with legal awaiting criminal hearings and 5 cases awaiting civil hearings. A pro-active exercise was undertaken with Barnet Homes to review all 88 properties in a block of flats in Hendon. Two of these properties are still under investigation and we currently have two pro-active data matching exercise on-going.
Number of new Tenancy Fraud investigations	26	
Total Number of closed Tenancy Fraud investigations	45	
Total number of on-going Tenancy Fraud Investigations.	68	
Number of properties recovered	8	The savings that this number of recovered properties equates to is £1.2m* (*according to audit commission calculation of £150k per recovered property)
Number of 'Right to Buy' applications denied as a result of CAFT intervention	7	The savings in discounts that were offered to tenants in the right to buy scheme are in the region of £397,500
Number of Homeless Applications denied as a result of CAFT intervention	0	We have been working pro-actively with the housing options team and are confident this will result in tenancies only being given to genuine applicants and people in most need.

2. Noteworthy investigations summaries:-

Benefit Fraud

Mr Osunsami – relates to a joint investigation with the DWP into a benefit claimant where they had concerns that he had not declared he was a student. He was interviewed under caution and he provided a pre-prepared statement saying he was not aware that he had to confirm he was a student. The benefit claim was cancelled by DWP and Barnet Council and this resulted in an overpayment of £12,960.00 housing benefit for the period 24 September 2012 to 9 February 2014. Mr Osunsami was found guilty and is awaiting sentencing.

Tenancy Fraud

Mrs L had a two bedroom property in the EN5 area. There were suspicions that she was sub-letting her property and also claiming housing benefits for a period when she had moved abroad with her daughter. Investigations showed that she was abroad from September 2013 to August 2014. In view of the evidence gathered, Mrs L was asked to attend an interview under caution. She admitted that she had been abroad for the above period. She was charged with a social housing offence contrary to Prevention of Social Housing Fraud Act 2013 and also for claiming housing benefit totalling £2816.13

while she was abroad. She pleaded guilty to these offences and was given 2 years conditional discharge and ordered to pay £500 costs. This was the first successful prosecution of the new social housing offence for Barnet. There is a separate civil court matter ongoing to recover the property.

Mr J had a two bedroom property in the NW9 area. There had been suspicions for a long period of time that Mr J had not been residing in his property. CAFT were asked to investigate the matter. Checks showed that he had been out of the Country for several months. He was interviewed under caution regarding the matter and was adamant that he was now back in the country and living in the property. However, we took civil action to recover the property and this was granted in April 2015. We had done further investigations that showed Mr J was again out of the Country.

Mr B had a two bedroom property in the NW7 area. A referral was received from Notting Hill Housing Trust stating they had concerns that the tenant was not resident. Checks showed many links to another address. Mr B was interviewed under caution regarding the matter. Notting Hill issued notices to quit and notices of seeking possession on the advice of CAFT and Mr B subsequently relinquished the tenancy of the property. Nomination rights are then given to Barnet Homes to rehouse a tenant into the property.

Corporate Fraud

Case 1 - relates to a case of fraudulently obtaining refund payments in respect of Barnet's Council Tax refund process of overpaid amounts or cancellations due to vacation of property.

The investigation identified the suspect **Mr Viren Amin**, a resident in Harrow, who used false names to open more than 20 fraudulent council tax accounts by stating that he was due to move into these properties. On receipt of the council tax bill **Mr Amin** would pay the full amount (via forged or counterfeit) cheque which he deposited at a post office for onward credit to the council in respect of the fraudulent council tax account. **Mr Amin** would contact the council and state that he was no longer moving into the property and requested that his payment be refunded to his bank account which he supplied by email. At later date the cheque that was originally lodged at the post office would be returned as lost or stolen and the council was debited those funds by the post office leaving the council tax account with a debit balance.

As well as the 20 fraudulent refunds from Barnet which totalled more than £28,000, the investigation further identified that **Mr Amin** had used the same scam to defraud funds exceeding £4,000 from the London Borough of Merton. **Mr Amin** was arrested and pleaded guilty to 27 counts of fraud totalling more than £33,000 and was subsequently sentenced at Harrow crown court to 14 months in prison.

CAFT worked with the service during the investigation to ensure that processes and controls with regard to refunds were amended to prevent this type of fraud from re-occurring.

Case 2 – relates to an internal investigation in which 2 school based catering service staff members who were suspected of stealing food from the school kitchen on a regular basis. CAFT officers attended the school to speak with the staff members and witnessed them leaving the kitchen area with bags containing food supplies that had been cooked that day for the children. They were stopped and asked to empty their bags. The bags contained quantities of cooked food supplies from the school kitchen. Due to the low monetary value of the offence, the evidence was passed to the service to conduct a full disciplinary hearing. On 1st June 2015 both staff members were found to be guilty of gross misconduct and were dismissed from the council.