

Appendix 1

Corporate Anti-Fraud Team (CAFT) Progress Report: April – June 2016

**11th July 2016
Clair Green
Assurance Assistant Director**

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1. Introduction

This report covers the period 1st April 2016 – 30th June 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 have launched a new 'The Fraud Risk Awareness Module' as part of the council's Management Academy. The Management Academy is for approximately 200 of the council's managers. 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. It is a practical workshop specifically designed for each Delivery Unit across the council to explore and identify how different fraud risks arise, the steps or controls that can be put in place to mitigate them and case studies to illustrate how these risks have actually materialised.

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 quarter one of 2016-2017.</p> <p>This exercise took place on 13th June 2016 when CAFT officers accompanied by NSL parking enforcement officers and Barnet Police carried out a street based operation in the Chipping Barnet and Golders Green areas. During this exercise 66 badges were checked for validity which resulted in 6 badges being seized for misuse as the badge holders were not present, and investigations subsequently identified that 2 of those badges seized belonged to badge holders who were deceased.</p> <p>Investigations are on-going into all 6 badges that were seized and 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 15-16	30	
Number of new fraud investigations	14	
Total Number of closed fraud investigations	20	Please refer to noteworthy investigations sections of the report for further details if fraud is proven.
Total number of on-going fraud investigations	24	Of these 24 investigations, 3 relate to Adults and Com, 8 relate to schools and family services ,3 relate to Street scenes, 7 relate to parking (non BB), 3 relate to Re.
Number of prosecutions this year.	0	No cases have been before the courts in this first quarter.

With or being prepared for legal action	2	There are currently 2 investigations that are with our legal team for prosecution, both with trial dates set for October 2016. Both cases relate to Adults Direct Payments Fraud.
Number of staff no longer employed / dismissed as a result of CAFT investigations.	0	Please refer to noteworthy investigations sections of the report for further details for details of closed cases.
<u>Disabled Blue Badge Misuse and Fraud</u> 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 15-16	15	
Number of new referrals received	45	As a result of these 45 referrals 13 badges have been seized and are subject to on-going investigations.
Prosecutions	0	No cases have been before the courts in this first quarter
With or being prepared for legal action	20	12 cases are already with our legal team for prosecution and at the time of reporting 8 cases are being prepared by the team.
Number of BB cases closed	1	Please refer to noteworthy investigations sections of the report for further details for details of closed cases
On-going BB investigations	59	
<u>Financial Investigations</u> - 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	0	
Number of closed Financial investigations	1	This case related to revenues and Benefits for LB Waltham Forest (LBWF). Please refer to noteworthy investigations sections of the report for further details for details of closed cases
Total Number of on-going Financial investigations	7	Of these investigations, 3 relate to planning, 2 relate to Revs and Bens, 1 relates to Trading standards and 1 relates to Direct Payments. 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 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 15-16	103	
Number of new Tenancy Fraud investigations	81	Of the 107 on-going investigations there is currently 1 case with legal awaiting criminal hearings and 7 cases are awaiting civil hearings.
Total Number of closed Tenancy Fraud investigations	77	
Total number of on-going Tenancy Fraud Investigations.	107	Of the 16 properties recovered this year these include 2 successions applications being denied. The savings that this number of recovered properties equates to is £2,400,000* <i>*according to audit commission calculation of £150k per recovered property</i>
Number of properties recovered	16	
Number of 'Right to Buy' applications denied as a result of CAFT intervention	4	There is a maximum discount of £103,900 per property on right to buy cases. CAFT have saved £396,700 in discounts in the current financial year.
Number of Housing Applications denied as a result of CAFT intervention	1	CAFT work closely with the Housing Options Team on new applications received.

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.	Two whistleblowing letters were received this quarter. One related to a grievance issue and the whistleblower was advised how to raise the issue in accordance with the relevant HR Policy – no further action is required. The other relates to an alleged fraud relating to a staff member and is currently subject to further investigation.

4. Noteworthy investigation summaries:-

Tenancy Fraud Investigations

Mr Lawal had a 2 bedroom flat in NW9. As part of a pro-active data matching exercise, this case was investigated as there were concerns that the tenant may not be resident. He was invited in for an interview under caution regarding the tenancy, as evidence indicated his wife and himself owned two other properties and had been sub-letting their council property. A week before the interview, Mr Lawal handed the keys to the property back, however he was advised that he still needed to be interviewed under caution as we had reasonable grounds to believe a criminal offence had been committed. After his interview under caution and the decision was taken to prosecute Mr Lawal for 5 offences of obtaining property by deception and subletting contrary to the Theft Act 1968 and Fraud Act 2006. In May 2016 he pleaded guilty and was given a 14 month suspended sentence and ordered to carry out 180 hours of unpaid work. A compensation order for Mr Lawal to repay £127,000 was awarded to Barnet Council, in addition to costs of £20,000. This was ordered to be repaid within 6 months. The £127,000 compensation order was calculated on the basis of how much it would have cost the council to house a family of four in temporary accommodation over the period the illegal subletting took place.

Mr F submitted an application to succeed his late father's 3 bedroom property in the EN4 area. The referral was passed to CAFT from the neighbourhood housing team who had concerns that he had not been resident. CAFT Investigations linked Mr F to being resident at another property and therefore notices were served to recover the property and contact was made with Mr F, who subsequently agreed to relinquish the keys to the property.

Ms I had a 3 bedroom flat in the N2 area since 1998. The property was reviewed as part of a key fob exercise conducted jointly with Barnet Homes. Concerns arose that Ms I lived elsewhere and investigation identified that she owned a property in Portsmouth and therefore notices were served to recover the property and the keys were subsequently returned. Ms I is being asked to attend an interview under caution with regards to a criminal investigation taking place.

Mr S had a 2 bedroom flat in the HA8 area. A referral was received from the neighbourhood officer who voiced concerns that the tenant was not resident and was sub-letting the property. CAFT Officers investigated and an unannounced visit was made to the property and a female answered the door. She was very evasive and said the tenant was resident, but it was quite obvious looking round the property that this was not the case. Neighbours also confirmed that only a female was resident in the property and therefore notices were served to recover the property and Mr S phoned to say he agreed to surrender the property immediately.

Mr A made a right to buy application to purchase his 3 bedroom property in the NW2 area. Concerns were raised as to how Mr A would raise the funds necessary to purchase the property. CAFT interviewed Mr A regarding his application and as a result of this, he withdrew the application to purchase his property.

Mr B made a housing application for accommodation for himself and his daughter. Housing Options referred the matter to CAFT as they had concerns about the application and the information supplied by Mr B. CAFT investigations identified that he was in fact living elsewhere in Brent area and the housing application was denied.

Corporate Fraud Investigations

Case 1 – relates to a Adults Direct Payment investigation

This case was initially with Police who were looking into possible financial abuse of an elderly person by their daughter. After meeting with the police it was agreed that they would deal with any financial abuse, as the allegation involved large sums of money being taken from the victim's bank account and CAFT would look into undeclared capital/property as the victim was also in receipt of financial assistance from Barnet for her care provision.

The Investigation revealed that there had been an application for financial assistance submitted to the Council back in 2006 on which the questions relating to capital and property had been answered by writing "Don't Know" on the form. This appears to have been input into the system as meaning zero capital. There appears to have been little follow-up on verifying the correct situation regarding the applicants assets. The investigation identified that the applicant did in fact have assets that were substantial enough to result in an overpayment of care funding that exceeded £111,000 over the 10 years. However, there is no evidence to indicate that the person completing the form deliberately failed to declare these assets to specifically gain that funding.

As the application form used was over 10 years old, it did not have any declarations or confirmation as to who completed it, unfortunately along with the way the form was completed would make proving any fraudulent intent at the time almost impossible to prove. CAFT have worked with the service in order to assist with updating the forms to include declaration and details of person completing the form.

As a result of this investigation, the overpayment was identified and measures are now being considered for the recovery of the funds by the Service. The Police investigation is on-going.

Case 2 – relates to a fraudulent School Admissions application.

A school application was received for Mill Hill School where the applicants address was stated to be in Grahame Park, NW9 area. Checks carried out as part of the exercise showed that the registered occupant at this address was not recorded as being the same as the details submitted on the application form. A visit was conducted and the actual resident at the address confirmed that the names given on the application form were not known and did not live there. This resulted in the offer of a school place being withdrawn.

Case 3 – relates to a Disabled Blue Badge Misuse Investigation

Whilst out conducting intelligence checks CAFT officers identified a Disabled Badge being displayed in the NW4 area. The badge holder was not present and so they approached the driver of vehicle who was identified as the father of the badge holder. Investigation at the scene revealed that she was in fact at home, and the badge was seized.

The driver of the vehicle was 80 years of age and reasonably frail. He was very apologetic and stated that he didn't realise it was wrong. After due consideration, it was decided that it would not be in the public interest to prosecute for the offence of misuse. In light of this the decision was made to issue him with a warning letter. The badge was returned to Camden Council with a covering letter confirming the incident and a further warning letter being sent to the badge holder.

Case 4 – relates to a Financial Investigation that was carried out on behalf of Waltham forest Council (LBWF)

A request for assistance was received from the Fraud Team Manager at LBWF council in respect of a fraud investigation they had carried but now needed the services of a qualified Financial Investigator to instigate the recovery of funds under the Proceeds of Crime Act. An agreement was put in place on a recharge basis for our costs whereby a duly qualified accredited CAFT officer was able to prepare and present a confiscation case at court which allowed funds to be recovered by LBWF council. This is an example of where the knowledge and expertise of specialist CAFT officers has been used to the benefit of other local authorities.