

Appendix 1

**Corporate Anti-Fraud Team (CAFT)
Progress Report: 1st October – 31st December
2019**

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1. Introduction

This report covers the period 1st October 2019 – 31st December 2019 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 their 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 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 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 or civil are taken. It is this element of the work of CAFT that is hard to quantify statistically.

Q3 saw the return of activities linked to 'International Fraud Awareness Week' which ran from 17th – 23rd November 2019. As with previous years the purpose of this week was to raise fraud awareness and give advice on how to report concerns both internally, for members of staff and externally for members of the public. It was also used as an opportunity to increase awareness and visibility, as well as the profile of the CAFT team and in particular the work in relation to Blue Badge Fraud, Tenancy Fraud as well as internal and external Fraud. There was also a rebranding of the CAFT logo to invigorate and focus on the issues. Details of these activities are reported in section 2 - CAFT Proactive review.

International Fraud Awareness Week 17-23 November 2019

Find out more about how you can help stop fraud.

Don't forget to complete the fraud awareness e-learning module - <http://www.safetylearning.co.uk/login/barnet/>

Help protect the public purse
Report all suspicions of fraud against the council and its partners to the Corporate Anti-Fraud Team.
Call the Fraud Hotline on 020 8359 2007 or email CAFT@barnet.gov.uk

www.barnet.gov.uk/anti-fraud

BARNET
LONDON BOROUGH

The banner features a central graphic of a handprint where the fingers are formed by the words 'STOP' and 'FRAUD'. The palm area contains the words 'STOP FRAUD IN BARNET'. The handprint is surrounded by various phrases such as 'STOP CORRUPTION', 'STOP BLUE BADGE FRAUD', 'STOP TENANCY FRAUD', and 'STOP MONEY LAUNDERING'. The background is a mix of teal and maroon colors.

Table 1 compares number of referrals received this year's with those received in the same period last year. The figures show that there have been some variations in the new referral types, but in general the overall volume is similar with the previous year.

Table 1

New Fraud Referrals	2018-2019			2019-2020		
	Q1	Q2	Q3	Q1	Q2	Q3
Corporate Fraud	9	12	18	23	19	25
Concessionary Travel Fraud	73	100	76	50	82	90
Financial	3	4	1	4	1	1
Tenancy Fraud	76	84	125	102	94	93
Total no. of New referrals	161	212	220	179	196	209
	593			584		

2. Pro-active fraud plan

Table 2 provides an update against any CAFT pro-active exercises undertaken in this period as set out within the 2018/19 plan

CAFT Pro-active review	Outcome
<p>Disabled Blue Badge Street Operation. 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 3 intelligence led pro-active 'street Operations' during the last three months. During these exercises CAFT officers are accompanied by NSL Parking Enforcement Officers and Officers from Barnet Police.</p> <p>These three Operations were carried out during 'International Fraud Awareness Week' in November 2019 in the areas of Hendon, Edgware and High Barnet. During these Operations 277 blue badges were checked resulting in 16 badges being identified as being misused. 5 of these badges were seized with Penalty Charge notices (PCN) being issued for blue badge misuse on the remaining 11.</p>
<p>International Fraud Awareness Week 18th -22nd November 2019 This is a proactive week of action where the work of counter fraud officers is publicised and advice given to staff as well as members of the public to assist with any concerns they may have.</p>	<p>As well as carrying out Blue Badge Operations throughout the week with police, CAFT officers set up information stalls at, the Broadwalk shopping centre in Edgware, CAFT officers were joined at this location by colleagues from Trading Standards, Street Enforcement and Environmental Health where advice was given as well as promotional items such as Post-it notes, pens, key rings and lanyards being distributed to members of the public.</p> <p>During this week CAFT also promoted the new E-learning fraud awareness training that staff are required to complete.</p> <p>Throughout the week there were also a number of</p>

	communications released via First Team Articles, Barnet First – e-newsletter, Computer and TV screen messages at NLBP and Barnet House. Social Media avenues were also utilised for the purpose of keeping fraud awareness at the forefront of people’s minds
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3. Performance Indicators

Table 3 provides an update against all performance indicators as set out within the 2018/19 fraud plan. This shows that CAFT Officers have actively investigated a combined total of 471 allegations of fraud in this 3rd quarter of 2019/20 (251 ongoing investigations and 220 new referrals).

Performance Indicator	Q3 2019-20	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 Q2	21	
Number of new fraud investigations	25	
Total number of Cases dealt with in Q2	46	
Total Number of closed fraud investigations	29	7 closed no Fraud 1 referred to HR 2 referred to the Police (not council issue) 3 closed as Claimant Error 2 referred to the DWP 7 referred to Highways 1 advice & assistance given with recommendations made to the department concerned. 6 closed insufficient evidence
Number of staff no longer employed / dismissed as a result of CAFT investigations.	0	
Number of cases awaiting legal action	0	
Total number of on-going fraud investigations	17	1 relates to Adults & Communities 1 relates to Assisted Travel 4 relates to CTAX (NFI) 4 relate to CTRS (NFI) 4 relates to Parking appeals 1 relates to Street Scenes 2 relate to Highways
Total number of Corporate cases carried into Q4	17	

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 Q2	86	
Number of new referrals received	90	As a result of these referrals 7 badges have been seized so far
Total number of BB cases dealt with in Q3	176	
Number of cases that were closed after prosecution in Q3	8	These cases were put before the courts in the third quarter and resulted in guilty verdicts. Please refer to noteworthy cases in section 4 of the report.
Number of cases closed with Cautions being Administered in Q3	22	Please refer to noteworthy investigations section 4 of the report for further details
Number of cases closed with a warning letter sent to badge holder or misuser in Q3	19	Warning letters* are issued where there is a strong suspicion that a holder's badge is being misused or the LA has decided to take no further action. *some relate to Barnet badges seized by other local authorities
Number of cases closed with no further action by the Authority	22	2 were closed No Fraud 3 closed as Fraud Proven no further action (NFA) 16 were closed due to insufficient evidence 1 case was referred to the police
Total number of BB cases closed in Q3	71	
Number of cases with legal awaiting court action	4	All of these cases are already with our legal team for prosecution
Number of On-going BB investigations	101	
Total number of BB cases carried into Q4	105	
Financial Investigations - a Financial Investigation under the Proceeds of Crime Act 2002 ensures that any person(s) subject to a criminal investigation by Barnet do not profit from their criminal action		
Number of carried forward Financial investigations from Q2	24	
Number of new Financial investigations	1	
Total number of Financial cases in Q3	25	
Number of closed Financial investigations	0	
Total number of closed Financial cases in Q3	0	

Total Number of on-going Financial investigations	25	<p>Of these investigations, 7 relate to planning, 4 relate to Tenancy Fraud, 1 relates to pensions (reported in section 4) 1 relates to Trading Standards. 1 relates to Barnet Homes</p> <p>As CAFT have Accredited Financial Investigators, there is scope for us to offer our services (for a fee) to other local authorities who do not have trained officers in this field. We are currently assisting</p> <ul style="list-style-type: none"> • Haringey Council with 9 PoCA investigations • Enfield Council with 1 PoCA investigation • Camden Council with 1 PoCA investigation. <p>Details of cases are reported on closure when all legal actions have concluded</p>
Total number of Financials cases carried into Q4	25	
<p>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.</p>		
Number of carried forward Tenancy Fraud investigations from Q2	90	
Number of new Tenancy Fraud and housing application cases referred to CAFT in Q3	51	<p>40 relate to allegations of tenancy fraud 4 relate to Homeless Applications 2 relate to the change from a Sole to Joint tenancy 3 relate to Succession application 2 relate to mutual exchange applications</p>
Number of new Right to Buy Cases received for verification	42	Since April 2017 CAFT hold the responsibility for vetting all Right to Buy Applications submitted to Barnet Homes.
Number of cases being investigated in Q3	183	
Number of Tenancy cases closed due to property being recovered by the Authority	4	<p>3 relate to standard tenancies, 1 relates to a succession application</p> <p>These cases are referred to in section 4 of this report.</p>
Number of investigations closed relating to Housing Application that were denied as a	1	CAFT works closely with the housing options team and carry out

result of CAFT intervention		verification exercises for identifying inaccurate information being submitted on housing application forms. These exercises allow us to reserve the housing waiting list for only those who have a legitimate need for social housing.
Number of Right to Buy cases closed due to applications being denied as a result of CAFT intervention	7	The Right to Buy scheme helps eligible council and housing association tenants in England to buy their home at a discount.
Number of Tenancy investigations closed as no further action	30	These cases were investigated but no tangible evidence was identified to substantiate the allegations. <i>The cases were closed as Insufficient Evidence or No Fraud Identified</i>
Number of Right to Buy cases closed as eligible to apply	41	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 RTB system
Total number of cases closed in Q3	83	
Total number of on-going Tenancy Fraud Investigations.	76	
Number of cases with legal awaiting court action	15	Of these cases 5 are with legal awaiting Criminal prosecution and 10 are with legal awaiting Civil action.
Total number of on-going Right to Buy Investigations.	9	
Number of Tenancy Fraud and Right to Buy cases carried into Q4	100	
Other information reported as per requirements of policy.		
Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	1 request was submitted and agreed. 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. This is reported in accordance with Policy.	There have been 0 referrals received under the council's whistleblowing policy in this last quarter.	

4. Noteworthy investigation summaries: -

Financial investigations

This case relates to a fraud by a Capita employee who was working as a Senior Pensions Administrator at the CAPITA Darlington Office.

In May 2019, Capita during the collation of standard transaction reports to support the 2018-19 LBB Pension Fund identified unusual payments. Further scrutiny of these transactions led Capita to suspect that these were possible fraudulent transaction and therefore referred (in accordance with agreed arrangements) their concerns regarding these transactions to LBB/CAFT, who immediately initiated a criminal and financial investigation.

The CAFT led criminal investigation was supported by Capita Group Financial Crime Team's internal investigation. Scrutiny of the pensions systems identified that the defendant had created these payments and authorised them using a secondary user profile in his name. By having two user profiles linked to the system the defendant was able to bypass the systems 'role segregation rules'.

In total 7 fraudulent payments were made. The total fraudulent amount paid in over this period was **£70,596.62**.

Our financial investigation identified that the defendant subsequently transferred some payments he received to his separate ISA account. He also used the money on personal items and to support his lifestyle. Because of our investigation a quantity of the money has been restrained in the defendant's ISA account since May 2019 subject to ongoing Proceeds of Crime recovery action.

The defendant was suspended from his employment on 8th May 2019 and subsequently resigned from his post. He was arrested on 22nd May 2019 at his home address by officers from CAFT with officers who travelled to Darlington, supported by Police Officers from local Darlington Police. The defendant was conveyed to Darlington Police Station where was interviewed under caution by CAFT officers in the presence of his solicitor as well as an appropriate adult. He provided 'no comment' replies to all questions put to him.

The prosecution case was then prepared for prosecution and on 14th January 2020 the defendant appeared at Harrow Crown Court and pleaded guilty to one offence contrary to section 4 Fraud Act 2006 (Abuse of position). The matter has now been referred for sentencing on 25th February 2020. A time table has been set for Proceeds of Crime actions to be completed by 28th April 2020 to fully establish and recover remaining Proceeds of Crime funds.

In parallel to the CAFT criminal and financial investigation, Capita Group Financial Crime and Capita Group Internal Audit undertook an internal review of process and controls resulting in a number of recommendations to the service. These recommendations were made in order to safeguard and prevent any repeated incidents and strengthen internal controls. It is worth noting that some immediate mitigating controls were also put in place ahead of the wider review. The outcome of the Capita review will be reported and presented separately to the Audit Committee by Capita – refer Appendix 2.

Blue Badge Investigations

Case 1 - relates to the misuse of a deceased person's disabled badge by a university student. When questioned the defendant admitted using the badge on two occasions. The defendant was found guilty at Willesden Magistrates court on 8th October 2019 for offences under the Road Traffic Regulation Act 1984 and as a result was sentenced to a fine of £40, victim surcharge £30 and ordered to pay costs to the sum of £600

Case 2 - relates to the misuse of a relative's disabled badge. When questioned the defendant admitted the blue badge holder was not present with him when he parked and used the blue badge to avoid the parking charge.

The defendant failed to attend an interview under caution and also failed to attend Willesden Magistrates court on 1st October 2019, so the matter was heard in his absence. The defendant was found guilty for offences under the Road Traffic Regulation Act 1984 and as a result was ordered to pay a fine of £660, victim surcharge £66 as well as to pay costs to the sum of £300.

Case 3 - relates to the use of a disabled badge by a university student which was reported lost. The defendant stated that a relative (who has a badge of their own) found the disabled badge and it was placed in the defendant's vehicle. On the day in question the relative was in the vehicle with the defendant and the defendant displayed the 'lost' disabled badge by accident. The defendant denied being a university student and checks could not confirm that the relative had a disabled blue badge. The offender failed to attend Willesden Magistrates court on 5th November 2019 and was found guilty in his absence for offences under the Road Traffic Regulation Act 1984, He was ordered to pay a fine of £660, £66 victim surcharge and as well as to pay costs to the sum of £804.43.

Case 4 - relates to the misuse of a disabled badge whilst the badge holder was residing at a care home. The offender stated that he used the disabled badge to attend a university exam. The offender made a full admittance to the misuse of the blue badge and to making a false representation in the form of an informal challenge on the parking ticket by purporting to be his mother. The defendant was found guilty at Willesden Magistrates court on 5th November 2019 for offences under the Road Traffic Regulation Act 1984 and Fraud Act 2006. As a result, he was sentenced to a 12-month conditional discharge, £20 victim surcharge and ordered to pay costs to the sum of £915.41.

Case 5 - relates to the use of a relative's disabled badge whilst the badge holder was abroad. The defendant was a university student and explained that the badge holder returned from abroad on the day in question and was dropped off to the area where the defendant was. Further investigation presented information that made the defendant's explanation implausible. The defendant was found guilty at Willesden magistrates court on 26th November 2019 for offences under the Road Traffic Regulation Act 1984. As a result, the defendant was ordered to pay a fine of £50, victim surcharge of £30 and ordered to pay costs to the sum of £150.

Case 6 - relates to the use of a disabled badge whilst the badge holder was in a care home. The defendant explained that she was with another person on the day in question (who also has a blue badge) but the wrong badge was displayed. Further checks presented information that made the defendant's explanation implausible. The defendant was found guilty at Willesden Magistrates court on 3rd December 2019 for offences under the Road Traffic Regulation Act 1984. As a result, the defendant was ordered to pay a fine of £300, victim surcharge of £30 and ordered to pay costs to the sum of £200.

Case 7 – relates to the misuse of a deceased persons Blue Badge that was being used to gain free parking. The offender admitted that he continued to use his mother blue badge after she had passed away a year earlier, for the purpose of avoiding the parking charge. The offender failed to attend Willesden Magistrates Court on 26th November 2019 and was found guilty in his absence. He was ordered to pay a fine of £440 for the misuse of the badge as well as to pay costs of £600 and a £44 victim surcharge. ...

Case 8 – relates to a cancelled Blue Badge that was being used to gain free parking. The offender tried to mislead the investigation by stating that his friend, whose name or contact details he did not know had given him the badge. However, during his interview under caution the offender admitted that he knew the badge had been purchased and was aware that it was not valid. The offender pleaded guilty to wrongful use of a disabled badge contrary to 117 Road Traffic Regulation Act 1984 on 10th December 2019 and was ordered to pay a fine of £260, as well as to pay costs of £300 and a victim surcharge of £30.

Simple Cautions (previously 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.

22 Simple Cautions were administered by CAFT in Q3 in investigations 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 Simple Caution.

All of the cases that were cautioned related to instances of straight forward misuse that took place. These include situations where errands were being run by family members on behalf of the badge holder such as the collection of medication or food. The offenders stated that they had the badge holder's permission and believed that the badge could be used for such action. However, when the Blue Badge scheme was explained to them they realised that their actions fell outside of what was permitted. In such cases and in accordance with our policy the council can issue a simple caution rather than pursue the matter through the courts.

Tenancy Fraud Investigations

Ms A had a two bedroom flat in Whetstone, a referral was received from the Gas Safety Team as they were unable to gain access to carry out the annual safety checks, on the day of the forced entry the tenant asked for the keys to be given to her neighbour, a CAFT investigation established that the tenant had not been resident in the property and in fact living in Newcastle since 2016, the matter progressed to civil court where outright possession was granted due to the evidence obtained, an eviction took place and the property was recovered, there was no evidence of sub-letting.

Ms B had a two bedroom flat in Friern Barnet, a referral was received from a Barnet Homes Housing Officer, they were unable to make contact with the tenant and on one visit witnessed someone other than the tenant entering the property. A CAFT investigation established the tenant had been living elsewhere and sub-letting to her nephew, the tenant returned the keys and the property was recovered, due to mental health issues no further action was taken and the recovery of the property was the best outcome.

Ms C had a one bedroom flat in Colindale, an anonymous referral was received stating that the tenant had sub-let her social housing property since 2010. A CAFT investigation established the tenant had been sub-letting the property since 2010, more recently sub-letting to her sister, the investigation also showed that when making a homeless application in 2010 she in fact owned two properties and therefore not eligible to receive social housing. The tenant has returned the keys and the property has been recovered, the case is now with legal with a view to prosecute the tenant. A financial investigation has also started to assess and recover any loss to the council and the proceeds of her crime, during this financial investigation it has come to light that the tenant now owns 11 properties. A further update will be provided on conclusion.

Mr D made a succession application for a three-bedroom house in Edgware after the passing of his mother. A CAFT investigation established that that the applicant may not have been living in the property for the required 12 months prior to her death, the applicant returned the keys and the property was recovered.

