

# Corporate Anti-Fraud Team (CAFT) Annual Report 2019/20

## Executive Summary

The purpose of this annual report is to provide a summary on the outcome of all CAFT work undertaken during 2019-20 including CAFT progress and outcomes set against the objectives as set out in our annual strategy and work plan.

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 (and Section 151) 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.

Operation Rouble was an unprecedented internal financial fraud, to which CAFT officers investigated and prosecuted the criminal aspect of the investigation. The case was evidenced and prepared for prosecution within five months which subsequently led to the successful conclusion of the case in July 2018 which saw the offender being sentenced at Harrow Crown Court to 5 years imprisonment. This case was reported in the 2018-19 CAFT report. However, during 2019-20 the financial investigation on this case continued and by using a range of powers authorised under the Proceeds of Crime Act the CAFT specialist financial Investigators were extremely effective by recovering **£1,698,218.64** in order to compensate Re who had occurred the loss, thereby reducing the loss from **£2.063 million** to less than **£365,000**.

The methods used, comprised of confiscation and compensation orders as well as legal settlement agreements with entities that were registered 'off shore'. The work was extremely time consuming and complex and broke new ground in recovery. No other local authority has used these methods to recover proceeds of crime. This investigation received wide publicity with praise being given by Specialist Police Units, Senior Management and Members of the council to the CAFT in relation to the response and subsequent criminal and financial investigation and Proceeds of Crime recovery conducted by the team

This year saw continued partnership working between CAFT and RE's Planning Enforcement Officers as well as other Local Authorities. Cases where enforcement notices had been breached were then referred to CAFT to carry out financial investigations into the criminal benefits obtained because of those breaches.

The Tenancy Fraud team has also continued to be successful this year, it has investigated **496** cases of alleged Tenancy Fraud in 2019-20. They were responsible for recovering **34** properties and preventing **27** Right to Buy applications due to the applicants not being eligible to purchase under the scheme. In addition to this Tenancy fraud officers prevented **5** new housing applications that were submitted by persons who were not eligible to be housed.

The Concessionary Travel Fraud Team investigated **347** cases of alleged Blue Badge misuse and Fraud. Of these, **37** cases were successfully prosecuted at Magistrates court with a further **74** cases resulting in a Formal Caution being administered by CAFT (after the offence was admitted during a formal interview under caution). These cases have resulted in more than **£24,580.00** worth of costs being recovered. A further **94** cases also concluded in Warning letters being sent to the Badge Holders and offenders.

The Corporate Fraud Team investigated **102** cases of alleged fraud. These resulted in **2** members of staff resigning, as well as **2** cautions being administered

We also coordinated and ensured the council completed a comprehensive review of the NFI reports using the new fraud risk scoring to prioritise resources on matches that scored over 75%. This led to **7524** cases being processed and as a result, CAFT were able to report overall overpayments of **£603,448.82**.

In summary we are confident that CAFT continue to provide an efficient value for money counter fraud service and has demonstrated that it is able to successfully investigate all types and levels of fraud referrals to an appropriate outcome.

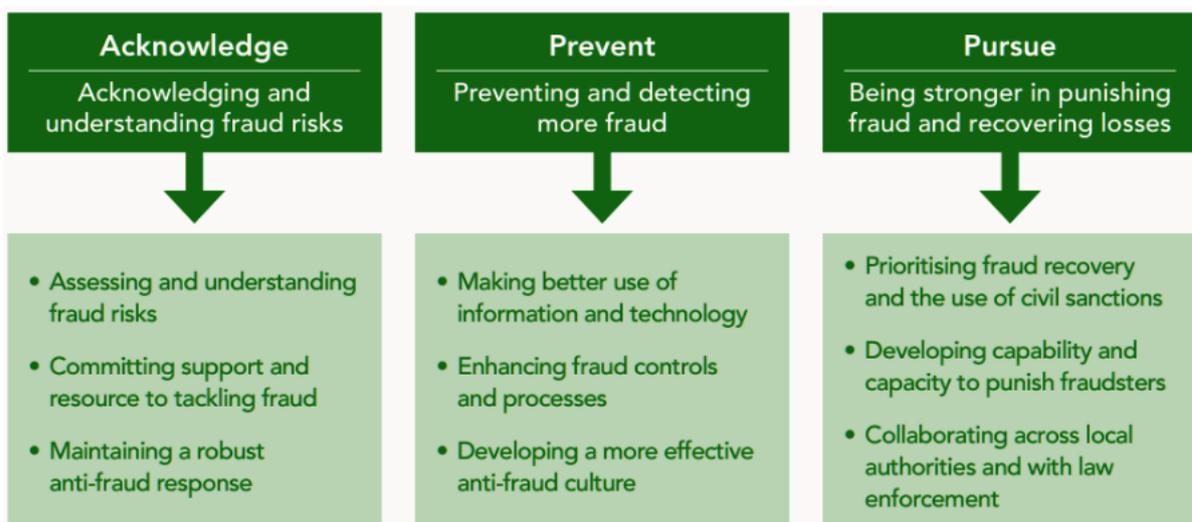
In addition to the specialist Financial investigative role, CAFT continue to provide advice and support to every aspect of the organisation including its partners and contractors. This advice varies between fraud risk, prevention and detection, money laundering and other criminal activity as well as 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 or recovery action is taken. It is this element along with the 'preventative – deterrent' nature of the CAFT work that is hard to quantify statistically but where possible we have done so in the performance indicators section of this report.

## **Contents**

- 1. Annual Anti-Fraud Strategy**
- 2. Pro-active fraud plan**
- 3. Performance Indicators**
- 4. Noteworthy investigations summaries for 2019-20**

## 1. Anti-Fraud Strategy

Our annual anti-fraud strategy was aligned with the strategic approach as outlined in 'Fighting Fraud Locally' (FFL) – the Local Government Fraud Strategy 2016 -2019. This provided a blueprint for a tougher response to tackle public sector fraud. In 2019-20 we continued to consider and incorporate the six themes as detailed within the 2016 FFL (**Culture, Capability, Capacity, Competence, Communication and Collaboration**) and as such our strategy and approach to incorporate a response to these themes as well as consideration of local fraud risks facing the Council alongside horizon scanning on emerging national fraud risks and relevant good practice guidance.



As the council's dedicated fraud team, CAFT consists of qualified counter fraud specialists that operate under a framework of relevant policies and internal working procedures.

### **Acknowledge (and understand Fraud Risk)**

Each year we consider and review national fraud risks and emerging fraud trends against local intelligence fraud risks to assist in developing our risk based annual work plan (part of which is joint with internal audit). During the last year we have continued to strengthen our collaborative working with internal audit and key partners by utilising our intelligence, data analytics and data matching results to help direct anti-fraud reviews. We continue to work with services and key partners in helping ensure that anti-fraud arrangements are fit for purpose on all aspects of fraud risk.

Each year the council makes a commitment to tackling fraud and deliver a robust anti-fraud response through the existence and work of the CAFT, supported by our annual risk based work plan (and joint plan with internal audit). This plan is approved each year by senior management and the Audit Committee. Progress on and changes to the plan are reviewed constantly and reported quarterly to senior management and the Audit Committee.

### **Preventing (and deterring) Fraud**

We recognise that employees are often the first line of defence in preventing fraud. The Financial Regulations within the Council's Constitution places the responsibility for fraud prevention on all employees.

We have many open and easily accessible channels for reporting fraud, as well as confidential reporting 'Whistle blowing' policy in place to assist employees in reporting concerns about fraud and other issues without fear of harassment or victimisation. There is CAFT dedicated e-learning training within the corporate 'induction' programme for all new starters.

CAFT routinely use data matching techniques to identify possible fraudulent activity as well as centrally co-ordinating and investigating referrals relation to the National Fraud Initiative (NFI) data matching exercises to ensure that it is given high priority within services. During the last year we have also introduced the use of data analytics as part of our pro-active exercises to have more targeted risk based approach.

CAFT continue to work closely with services and management in high fraud risk areas to ensure that working procedures and practices include robust fraud preventative measures. CAFT also conduct targeted proactive anti-fraud activity throughout the year, joint reviews with internal audit as well as re-active investigation work. Outcomes from reviews and investigations where appropriate are reported to management to support their on-going work and to assist in either confirming effective anti-fraud controls and or suggested areas for improvement.

We continue to have effective liaison and working relationships with our HR team and where criminal activity is suspected or found, CAFT will deal with the criminal matter and disciplinary process in parallel to avoid duplication.

**Pursuing Fraud (and seeking redress)**

During the last year CAFT have continued to review internal investigation processes and procedures to ensure that they are effective, efficient and compatible with all governing legislation. There are internal CAFT management processes that ensure all investigations are carried out in a consistent, compliant and timely manner. This also ensures that we take appropriate action/sanctions against anyone who commits fraud whether they are members of staff or members of the public.

To this end we have an established financial investigation function within CAFT. The purpose of this function is to liaise closely with other internal departments and external partner’s (including the Police) that prosecute offenders in order to raise awareness around Proceeds of Crime Act (POCA) and ensure that where possible financial investigations are considered and undertaken by CAFT so that we can assist in the recovery of losses to the public purse and obtain where possible compensation and/or confiscation under the POCA. We also ensure that we utilise civil recovery procedures in relation to Tenancy Fraud and work collaboratively with other LA’s and law enforcement agencies to ensure best use of resources with holistic approach to counter fraud at all times.

In 2019-20 we also continued to consider and incorporate the six themes as detailed within the 2016 FFL (**Culture, Capability, Capacity, Competence, Communication and Collaboration**)

<p><b>Culture</b> – creating a culture in which beating fraud and corruption is part of daily business</p>	<p>Operation Rouble highlighted areas where there are weaknesses in our anti-fraud culture. As part of a combined organisational response to this issue, this year CAFT have delivered an internal anti-fraud awareness campaign. Senior Management and Member support for the work of the team has meant that we have also been able to introduce a new Fraud Awareness e-learning package which will be rolled out across the whole organisation to help strengthen awareness and anti-fraud our culture.</p>
<p><b>Capability</b> – ensuring that the range of counter fraud measures deployed is appropriate to the range of fraud risks</p>	<p>The Corporate Anti-Fraud Team is split into separate areas:</p> <ul style="list-style-type: none"> <li>➤ <b>Tenancy Fraud</b> which investigates all matters relating to social housing applications, tenancies and right to buys schemes.</li> <li>➤ <b>Concessionary Travel Fraud</b> which primarily deals with Blue badge fraud but also investigates Freedom Passes and</li> </ul>

	<p>resident Parking Permit Fraud</p> <ul style="list-style-type: none"> <li>➤ <b>Corporate Fraud</b> who deal with all manner of internal and external attacks on the public purse.</li> <li>➤ <b>Financial Investigation</b> – in accordance with Proceeds of Crime Act</li> <li>➤ <b>Intelligence Officer</b> – supports the work of all areas of the CAFT</li> </ul> <p>This structure has been proven to work well as it is a flexible structure and we are able to deploy resources where they are most needed very quickly.</p>
<p><b>Capacity</b> – deploying the right level of resources to deal with the level of fraud risk</p>	<p>The CAFT team sits within the Assurance Group and the Director of Assurance is the Council’s senior anti-fraud champion and part of the Corporate Management Team (CMT).</p> <p>Operationally the CAFT is led by the Head of Counter Fraud Operations as set out in the structure above.</p>
<p><b>Competence</b> – having the right skills and standards</p>	<p>All 12 officers in CAFT are qualified Counter Fraud Specialists; 3 of these officers are also fully qualified specialist Financial Investigators accredited by the National Crime Agency (NCA). The Head of Counter Fraud Operations and Director of Assurance is also qualified in Counter Fraud Management as well as Financial investigation, and as such are accredited by the NCA as the Senior Authorising Officers in relation to financial investigations. The Financial investigation specialists were instrumental in recovering loss and achieving income for the council.</p>
<p><b>Communication</b> – raising awareness, deterring fraudsters, sharing information, celebrating successes</p>	<p>We continue to recognise that our communications play a key role in ensuring that our staff and residents understand and recognise fraud risks, understand the role of CAFT, different types of fraud and through which channels they can report any concerns or incidents of fraud. To support this CAFT continue to focus on this area to proactively promote outcomes, fraud exercises and as well as prosecutions that take place.</p>
<p><b>Collaboration</b> – working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information.</p>	<p>CAFT Officers work closely with colleagues from Internal Audit, Finance, Community Safety, Re and CAPITA as well as HB Public Law and both local and Specialist Police officers.</p>

## 2. Pro-active fraud plan

Table 1 provides an update against all CAFT pro-active activity as set out within the 2018/19 plan

CAFT Pro-active review	Outcome
<p><b>National Fraud Initiative data matching exercises</b></p> <p>The National Fraud Initiative (NFI) is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud and error.</p>	<p>Barnet has a statutory duty as do all local authorities to take part in this national exercise and as a result in October and December 2018 Barnet submitted a number of data sets to the Cabinet Office for matching against other public-sector data sets. At the end of January 2019 this matching process returned 129 separate reports containing a total of <b>11,038</b> matches to Barnet. Of the 129 reports 77 were deemed to contain High level matches requiring the council to investigate and report the outcome.</p> <p>The Cabinet Office allows 18 months for the exercise to be completed with results being compiled and reported every 6 months.</p> <p>As a result of this exercise and as of 31<sup>st</sup> March 2020 Barnet council had identified <b>£603,448.82</b> due to fraudulent or erroneous payment being made from the public purse. Recovery of these funds is ongoing.</p> <p>Examples of successful outcomes include: Metropolitan Police Amberhill data identified two Council Tax Reduction scheme customers who appeared to be using false identities. Investigations resulted in both claims being cancelled generating overpayments of <b>£83,989</b> and <b>£26,364</b>.</p> <p>Housing Benefit to Student Loans identified five cases of undeclared student loan income with overpayments amounting to <b>£43,193</b>.</p> <p>HMRC data matched to Council Tax Reduction Scheme helped to establish that a claimant had been living abroad since 2013 generating an overpayment of <b>£13,140</b>. Another match from the same report identified a non-dependant who had not moved out of the property in 2009 when the customer said they had. The overpayment in this case amounted to <b>£28,113</b>.</p>
<p><b>Disabled Blue Badge Street Operations</b></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>During the year CAFT have conducted 6 intelligences led pro-active 'street' exercises across the borough – these are accompanied by NSL parking enforcement officers and Barnet Police. All the results of these operations are included within the statistical information in section 3 of the report.</p> <p>The first Operation was carried out on <u>19<sup>th</sup> July 2019</u> in the High Barnet area. Over 50 blue badges during the operation were checked and <b>7</b> cases of blue badge misuse / fraud were identified and <b>1</b> blue badges were seized. Of the <b>7</b> cases</p>

identified subsequent investigations have confirmed **6** of these were being misused and **1** was reported stolen.

The second Operation was carried out on the 22<sup>nd</sup> August 2019 covering the Finchley Central area. Over 90 blue badges were checked during this operation and **9** cases of misuse / fraud were identified and **3** blue badges were seized. Subsequent investigations have confirmed that of all the cases identified on the day **7** were in fact confirmed to be misused.

The third Operation was carried out on 29<sup>th</sup> January 2020 in the Golders Green area. During this operation over **80** badges were checked, of which **6** badges were identified as being misused, all of these badges were seized on the day, out of these, **4** badges were identified as cancelled due to being either lost or stolen.

The fourth Operation was carried out on 17<sup>th</sup> February 2020 in the Edgware/Burnt Oak area. During this operation over **50** badges were checked, of which **8** badges were identified as being misused, from this **1** badge was identified as cancelled due to being either lost or stolen.

The results of all these cases are reported in Section 3 below

**International Fraud Awareness Week 17<sup>th</sup> -23 November 2019** during the week the Corporate-Anti Fraud Team came together with colleagues from other council enforcement teams including Trading Standards, Street Enforcement and Environmental Health and the Police

The purpose of the week-long operation was to have a high visibility presence in the areas of Hendon, Edgware and High Barnet and to carry out anti-fraud exercises such as Blue Badge Fraud and Tenancy Fraud as well as to tackle some of the anti-social behaviour issues in the area, such as littering, fly-tipping and unauthorised street trading.

Operations five and six took place during this week gave the following results: Number of Blue Badges verified throughout the week-long operation	<b>142</b>	
Number of Fraud / misuse cases identified	<b>15</b>	results reported in section 3 below
Number of badges seized	4	re Fraud i.e. stolen/ forged
Number of badges remaining at the scene	11	11 re misuse
No. of PCN's issued relating to BB fraud /misuse	8	Where evidence of misuse/ fraud is obtained PCNs are

			issued immediately
<p><b>International Fraud Awareness Week 17th - 23 November 2019</b> 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>Overall street based operations have resulted in <b>14</b> Blue Badges being seized. <i>(Full statistics on Blue Badge misuse/fraud are reported within section 3 of the report – Performance Indicators)</i></p> <p>As well as carrying out Blue Badge Operations during the week with police, CAFT officers set up information stalls at Barnet House housing reception, the Broadwalk shopping centre in Edgware, the Spires shopping centre in High Barnet CAFT officers were joined at these locations by colleagues from Trading Standards, Street Enforcement and Environmental Health as well as Insurance Department 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>Throughout the week there were also a number of communications released via First Team Articles, Barnet First – e-newsletter, Computer and TV screen messages at NLBP and Barnet House and other Social Media such as Tweets and Facebook and Press Releases for the purpose of raising awareness.</p>		

**Table 2** provides details of joint CAFT and Internal Audit Reviews and overall assurance ratings as set out within the 2019/20 plan. Further details of these reviews can be found in the relevant internal Audit quarterly progress reports.

CAFT and Audit Joint Reviews	Overall Assurance Rating	Summary of Findings	Relevant quarter issued in / Link to Internal Audit Report
<p><b>Highways DLO</b></p> <p>The DLO supports Re - the Council's Joint Venture with Capita - and the Re highways sub-contractor Conway Aecom in the delivery of the Council's highways service and works programmes.</p>	Reasonable	<p>This review resulted in five findings.</p> <p>Four medium findings related to:</p> <ul style="list-style-type: none"> <li>➤ Health and Safety policies and procedures and training;</li> <li>➤ Vehicles management;</li> <li>➤ Recruitment; and</li> <li>➤ Performance.</li> </ul> <p>One low finding related to:</p> <ul style="list-style-type: none"> <li>➤ Overtime.</li> </ul>	

<p><b>Disabled Facilities Grant (DFG)</b></p> <p>To help meet the cost for essential adaptations in privately owned homes, to help enable people with disabilities to remain independent and continue living in the home so far as is possible.</p>	<p>Reasonable</p>	<p>This review resulted in six medium findings.</p> <p>Five Medium findings related to:</p> <ul style="list-style-type: none"> <li>➤ Local Land Charges;</li> <li>➤ Internal Procedure Documents;</li> <li>➤ Recouped Grant Monies;</li> <li>➤ Re-Procurement of approved contractors; and</li> <li>➤ Record Keeping.</li> </ul> <p>One Low rating related to:</p> <p>Conflict of Interest risk assessment.</p>	
<p><b>Public Health Grant Compliance with Grant Conditions</b></p>	<p>Reasonable</p>	<p>This review resulted in three medium findings relating to:</p> <ul style="list-style-type: none"> <li>➤ Oversight and audit trails of Public Health Grant funds;</li> <li>➤ Adults' spend - £1.3m termed 'PH £1.3m Wider determinants to Adults Services (grant payment)'; and</li> <li>➤ Payment by Results Anti-Fraud Controls - Control Design Issue.</li> </ul>	
<p><b>Brent Cross Cricklewood Regeneration – Financial Controls</b></p> <p>This review looked at the Brent Cross Cricklewood (BXC) regeneration programme and focussed on financial controls relating to the acquisition of properties.</p>	<p>Reasonable</p>	<p>This review resulted in five findings.</p> <p>Three Medium findings related to:</p> <ul style="list-style-type: none"> <li>➤ Evidence of review, including appropriate sign-off, of CHAPS memos must be documented;</li> <li>➤ Evidence of on-site checks having been performed prior to concluding the purchase must be documented; and</li> <li>➤ Budget Holders should be informed when payments</li> </ul>	

		<p>are made.</p> <p>Two low findings related to:</p> <ul style="list-style-type: none"> <li>➤ The Master Schedule should be monitored on a regular basis in order to ensure it has most recent complete and accurate information; and</li> <li>➤ Re should introduce a formal training plan to provide training to staff on the Grant Thornton process notes.</li> </ul>	
<p><b>Better Care Fund</b></p> <p>This review looked at the Better Care Fund (BCF) and focussed on how it is managed in Barnet in respect of the financial flows, performance management, governance and benefits realisation.</p>	Reasonable	<p>This review resulted in three findings.</p> <p>Two Medium findings related to:</p> <ul style="list-style-type: none"> <li>➤ The lack of a risk register for the overall BCF programme; and</li> <li>➤ The lack of documentation for the overall governance process.</li> </ul> <p>One low finding related to:</p> <ul style="list-style-type: none"> <li>➤ A lack of evidence of benefits identification, realisation and monitoring.</li> </ul>	
<p><b>Accounts Payable (Follow-up)</b></p> <p>This review identified the key controls over payments made by the Council (outside of the Treasury team) and tested the operation of processes to give assurance on the effectiveness of those controls. In December 2017, it came to light that potentially fraudulent transactions of ca. £2m had been made against the Council. An investigation was opened by the Council's Corporate Anti-Fraud Team (CAFT) and it was found that the transactions related to Compulsory Purchase Orders (CPOs).</p>		<p>This review resulted in seven findings.</p> <p>Two high findings related to:</p> <ul style="list-style-type: none"> <li>➤ Authorisation of Purchase Orders; and</li> <li>➤ Manual upload process.</li> </ul> <p>Four Medium findings related to:</p> <ul style="list-style-type: none"> <li>➤ Duplicate payments;</li> <li>➤ Missing supplier invoice;</li> <li>➤ AP training and development; and</li> <li>➤ AP documented procedures.</li> </ul> <p>One Low finding related to:</p> <ul style="list-style-type: none"> <li>➤ BACS reconciliation.</li> </ul>	

**Table 3** provides an update against all performance indicators as set out within the 2019/20 plan

Performance Indicator	2019-20	Comments
<p><b>Corporate Fraud Team</b> 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 previous year	23	
Number of new fraud investigations	79	
<b>Total Number of cases dealt with 2019-20</b>	<b>102</b>	
Total Number of closed fraud investigations	75	<p><b>1</b> case was closed resulting in a staff members resignation</p> <p><b>2</b> cases were closed as Fraud Proven (No further action taken),</p> <p><b>3</b> cases were closed Caution Given</p> <p><b>3</b> cases were closed CTRS Claimant error</p> <p><b>3</b> cases referred to the DWP,</p> <p><b>1</b> cases closed as school place withdrawn,</p> <p><b>29</b> closed No fraud,</p> <p><b>22</b> closed insufficient evidence</p> <p><b>5</b> cases referred to the police.</p> <p><b>6</b> were closed after Advice and Assistance was given to respective departments.</p>
Number of staff* no longer employed / dismissed as a result of CAFT investigations	2	<p>*This included LBB/Agency/Temporary staff and/or partner organisations or subsidiary holdings).</p> <p>Please refer 'Corporate Fraud Noteworthy Investigation' sections of the report for further details.</p>
Total number of on-going fraud investigations carried forward into <b>2020-21</b>	<b>27</b>	<p>Of these <b>27</b> cases,</p> <p><b>1</b> relates to Schools and learning</p> <p><b>2</b> relate to RE,</p> <p><b>3</b> relate to Council Tax,</p> <p><b>2</b> relate to Waste and recycling,</p> <p><b>4</b> relate to Parking,</p> <p><b>1</b> relate to Assisted Travel,</p> <p><b>1</b> relates Adults &amp;</p>

		Communities 3 relates to Children's Services 5 relate to NFI (National Fraud Initiative) 5 relate to CTRS (Council Tax Reduction Scheme)
<b>Disabled Blue Badge Misuse and Fraud</b> 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 previous year	74	
Number of new BB referrals received	273	
<b>Total Number of cases dealt with 2019-20</b>	<b>347</b>	
<b>Number of cases that were closed after successful prosecution</b>	<b>37</b>	
<b>Number of cases closed with Cautions being Administered</b>	<b>74</b>	
<b>Number of cases closed with a warning letter sent to badge holder or misuser</b>	<b>94</b>	
<b>Number of cases closed fraud proven but no further action taken</b>	<b>4</b>	These are cases where the circumstances of the offence are such that further action is unable to be taken or it is not in the councils or public's interest to pursue the matter
<b>Number of cases closed as referred to Police</b>	<b>1</b>	
<b>Number of cases closed due to insufficient evidence</b>	<b>56</b>	
<b>Number of cases closed No Fraud</b>	<b>7</b>	
<b>Number of BB cases closed in 2019-20</b>	<b>273</b>	
Number of on-going BB investigations carried forward into 2020-21	<b>74</b>	<b>2</b> of these cases are already with our legal team for formal prosecution action
<b>Financial Investigations</b> - 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 18-19	22	
Number of new Financial investigations	7	
<b>Total number of cases dealt with 2019-20</b>	<b>29</b>	
Number of closed Financial investigations	3	<b>1</b> was closed as Proceeds Recovered <b>2</b> were closed as the POCA case was discontinued

<p>Proceeds of Crime recovery amounts received.</p> <p>Under the Governments incentivisation scheme funds confiscated from criminals is shared as follows:</p> <ul style="list-style-type: none"> <li>• <b>50% is allocated to the Treasury</b></li> <li>• <b>12.5%</b> is allocated to the courts</li> <li>• <b>1 %</b> is taken by the asset recovery</li> <li>• <b>36.5% is allocated to the investigating and prosecuting authority</b></li> </ul> <p>In addition to this scheme and in relation to the 36.5% CAFT have local agreements in place with Re and other Local Authorities with regard to each investigation, therefore some of this share is split further dependent on the agreement in place.</p> <p>For POCA cases relating to LBB services the full 36.5% share is retained.</p>	<p>Total PoCA Confiscation/ compensation resulting from CAFT Financial investigations</p> <p><b>£2,313,388</b></p>	<p>36.5%</p> <p>(Of total amount) allocated to investigating and prosecuting authority (LBB)</p>	<p><i>Breakdown of amounts - Refer to noteworthy summary for details of cases where POCA awarded and recovered in year</i></p>
	<p>Amounts that LBB retained</p> <p><b>£158,283</b></p>		<p>Op ROUBLE – £1,515,518 (total amount goes to Re as compensation – <i>this is in addition to the amount of £182,700.64 that was originally awarded and reported through POCA during the court case in 2018</i>)</p>
	<p>Amounts retained by RE</p> <p><b>£1,515,518</b> (SHAH case)</p> <p>+ <b>£33,040</b> (relating to planning cases)</p>	<p><b>FI Case 1:</b> £310,000 (<b>£31,000</b> for LBB and 78,909 for LBH)</p> <p><b>FI Case 2:</b> £65,000 (<b>£11,943</b> for LBB and £11,943 for RE)</p> <p><b>FI Case 3:</b> £43,050 (<b>£4,305</b> for LBB and £10,945 for LBH)</p> <p><b>FI Case 4:</b> £114,816 (<b>£21,097</b> for LBB and £21,097 for RE)</p> <p><b>FI Case 5:</b> £140,000 (<b>£14,000</b> for LBB and £36,938 for LBH)</p>	
	<p>Other LA's amounts</p> <p><b>£150,000</b> (relating to LBH planning cases)</p>	<p><b>FI Case 6:</b> £85,000 (<b>£8,500</b> for LBB £22,462 for LBH)</p> <p><b>FI Case 7:-</b> is an old case which has been reported but the final confiscation amount has now been received <b>£52,737</b> for LBB)</p> <p><b>FI Case 8-Tenancy fraud case</b> £40,004 (<b>£14,701</b> for LBB)</p>	
	<p>Total Number of on-going Financial investigations carried forward in 2020-21</p>	<p><b>26</b></p>	<p>Of these ongoing investigations: -</p> <p><b>10</b> relate to Re (Planning Enforcement)</p> <p><b>5</b> relate to Tenancy Fraud</p> <p><b>7</b> relate to investigations undertaken on behalf of L.B Haringey</p> <p><b>1</b> relates to an investigation</p>

		undertaken on behalf of L.B Enfield <b>1</b> relates to Re (Finance) <b>1</b> relates to Re (Trading Standards) <b>1</b> relates to Barnet Homes (Rental income Team)
<p><b>Tenancy Fraud Team</b> 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> <p>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 status of the cases referred</p>		
Number of carried forward Tenancy Fraud investigations from 2016-17	99	
Number of new Tenancy Fraud Cases referred to CAFT	244	
Number of new Right to Buy applications where information submitted was verified by CAFT	153	
<b>Total number of cases dealt with 2019-20</b>	<b>496</b>	
<b>Number of Tenancy cases closed resulting in a property being recovered</b>	<b>34</b>	<p><b>23 relate to standard tenancies</b>  <i>(9 were recovered via civil court action due to evidence obtained by the CAFT investigation, 14 sets of keys were voluntarily surrendered as a result of CAFT investigations.)</i></p> <p><b>3 relate to succession applications</b> where the property was voluntarily surrendered by relatives who had no valid succession rights</p> <p><b>8</b> relate to temporary accommodation  <i>(3 properties were recovered due to the tenant being abroad, 1 property was voided due to being abandoned, non-occupancy and 4 voluntarily surrendered due to tenants not being resident or no longer needing the property)</i></p>
<b>Number of Tenancy cases closed with no fraud being identified</b>	<b>219</b>	<p>These cases were all investigated. All were closed due to no fraud being identified or insufficient evidence to continue to substantiate allegations.</p>

<b>Number of Housing Applications refused because of CAFT verification process</b>	<b>5</b>	CAFT work closely with the Housing Options Team and carry out 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
<b>Number of mutual exchanges prevented because of CAFT intervention</b>	<b>1</b>	All mutual exchange applications are validated by CAFT to prevent unlawful house swapping.
<b>Assignments refused as a result of CAFT intervention</b>	<b>1</b>	CAFT check all assignments applications. These are when the tenant tries to assign the tenancy to another person
<b>Number of Right to Buy cases closed due to applications being denied</b>	<b>27</b>	£2,940,300 in discounts on these properties was prevented by refusing the sale of the properties due to the application being withdrawn as a result of CAFT investigations.
<b>Number of Right to Buy cases closed after the application was validated by CAFT as being genuine</b>	<b>127</b>	All Right to Buy cases are validated by CAFT. These cases were validated as having no issues and so allowed to progress through the Right to Buy Process with Barnet Homes
<b>Total number of cases closed 2019-20</b>	<b>412</b>	
Total number of on-going Tenancy Fraud Investigations.	64	
Number of cases with legal awaiting court action	15	<b>9</b> relate to Civil action and <b>6</b> relate to criminal Prosecutions being pursued
Total number of on-going right to buy Investigations.	6	
Number of cases being carried forward into 2019-20	<b>85</b>	
<b>Other information reported as per requirements of policy.</b>		
Number of requests authorised for surveillance in accordance with Regulation of Investigatory Powers Act 2000 (RIPA).	<b>ONE</b> this year. This statistic is reported for information purposes in accordance with our policy and statistical return to the Office of Surveillance Commissioners.  In addition, there were <b>two</b> Non RIPA Requests for surveillance one from the from Community Safety Team and	

	<p>the other from our Trading Standards Team which was considered by the Councils RIPA Senior Responsible Officer</p> <p>In addition to this, following an inspection by the Information Commissioners Office in December the Authority complied with a recommendation from the ICO where updated RIPA training was delivered to relevant officers which has now been completed.</p>
Number of referrals received under the council's whistleblowing policy.	None

### 3. Noteworthy investigations summaries for 2019/20

#### Corporate Investigations

**Case 1** – relates to an allegation of a school application had been made where a family moved from an address to a rented property within the catchment area. However, they still had control of the original property and intended to move back to that property after the school place had been allocated to their child. Enquiries were made at the rented address and the family were confirmed as living there and stated they had sold the other address. On reviewing the sale, it appeared that the property was bought by a family member and the rented accommodation is owned by the same family members company. Due to the findings of this investigation, the school Admissions department have determined that the on balance of probabilities the family are likely to move back to the larger property once the child is attending the new school. They therefore withdrew the school place.

**Case 2** – relates to a referral from Family Services alleging that an employee had misappropriated funds in that they had made expense claims for tasks and activities as part of their role that had not taken place. CAFT carried out a Fraud investigation and interviewed the employee under caution and the employee gave an explanation that the department had checked his receipts at the time, although no evidence of receipts was available. CAFT decided not to pursue a criminal investigation based on the evidence available. A full report was submitted for follow up and action in relation to tightening processes and procedures. The evidence gathered was used as part of the disciplinary proceedings and on the day of the hearing the employee resigned.

**Case 3** – 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 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. He provided 'no comment' replies to all questions put to him.

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). A time table has been set for Proceeds of Crime actions to be completed by 24<sup>th</sup> July 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.

### **Blue Badge Prosecutions**

**Case 1** relates to the use of a stolen blue badge on two separate occasions, the defendant was found guilty on 11<sup>th</sup> June at Willesden magistrates court of two offences under the Road Traffic Regulation Act 1984 and was sentenced to a fine of £1000 and ordered to pay costs to the sum of £500 and £50 victim surcharge

**Case 2** relates to the misuse of an expired blue badge, whereby the defendant had deliberately altered the badge in an attempt to make it appear as still valid, the defendant was found guilty of offences under the Road Traffic Regulation Act 1984 for the use of the badge and under the Fraud Act 2006 for the altering of the badge, as a result they received a community order for 12 Months with 140 Hours of unpaid work and were disqualified from driving for a period of 56 days, and ordered to pay £400 costs and £85 victim surcharge.

**Case 3** relates to the misuse of a child's blue badge whilst the child was attending school on two separate occasions, the defendant was found guilty of two offences under the Road Traffic Regulation Act 1984 and was sentenced to a fine of £440 (£220 for each offence) and ordered to pay costs to the sum of £733.44 and £30 victim surcharge

**Case 4** - relates to the use of a deceased relatives blue badge, in addition to this the defendant had applied to renew the badge after the badge holder had passed away. The defendant was found guilty of offences under the Road Traffic Regulation Act 1984 and the Fraud Act 2006, they were sentenced to a fine of £270 and ordered to pay costs of £1265 and £30 victim surcharge.

**Case 5** - relates to the use of a counterfeit blue badge in a vehicle, the defendant stated that their mother had previously found the badge and on the date of offence the defendant had put it on display in error and was meant to place a relative's genuine blue badge on display. The defendant was found guilty of offences under the Road Traffic Regulation Act 1984 and was sentenced to a fine of £170 and ordered to pay costs of £600 and £30 victim surcharge.

**Case 6** - 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 8<sup>th</sup> 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 7** - 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 failed to attend Willesden Magistrates court on 1<sup>st</sup> 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 8** - 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 5<sup>th</sup> 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 9** – relates to the use of a badge that had been cancelled due to the badge holder being deceased, the defendant, a relative of the badge holder, had found the badge a few days prior to using it whilst clearing through the deceased badge holder's belongings had used the badge to secure parking whilst taking his wife to a medical appointment. The defendant was prosecuted and pleaded guilty to the offence, he was sentenced to a 12-month conditional discharge, ordered to pay £756.39 in costs and a £21 victim surcharge

**Case 10** - relates to the use of a counterfeit badge by a student on several occasions to secure parking while he attended university, in addition he had appealed his penalty charge notice having forged RAC breakdown documentation. After raising a report with Police, the defendant was arrested following a traffic stop on his vehicle by Police where he was found to have in his possession the fake badge. Following interviews with both Police and CAFT officers the defendant pleaded guilty in court to 7 offences in total, he was sentenced to a 12-month community order for 100 hours unpaid work, he was also ordered to pay £2000 in costs and an £85 victim surcharge

**A further 27 cases of blue badge Fraud were put before the courts. All of which were found guilty with Fines being issued and costs being awarded to the council.**

### **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.*

**74** cautions were administered by CAFT in 2019-20 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.

### **Financial Investigations**

Under the Government's incentivisation scheme funds confiscated from criminals is shared as follows:

- **50%** is allocated to the Treasury
- **12.5%** is allocated to the courts
- **1%** is taken by the asset recovery
- **36.5%** is allocated to the investigating and prosecuting authority

In addition to this scheme and in relation to the 36.5% CAFT have local agreements in place with Re and other Local Authorities with regard to each investigation, therefore some of this share is split further dependent on the agreement in place.

For POCA cases relating to LBB services the full 36.5% share is retained.

2018-19 saw CAFT officers investigate and prosecute Operation Rouble, an unprecedented internal financial fraud. The criminal aspect of the investigation was evidenced and prepared for prosecution within five months which subsequently led to the successful conclusion of the case in July 2018 which saw the offender being sentenced at Harrow Crown Court to 5 years imprisonment. This case was previously reported in the 2018-19 CAFT report.

During 2019-20 the financial investigation on this case continued and by using a wide range of powers authorised under the Proceeds of Crime Act the CAFT specialist financial Investigators were extremely effective by recovering an additional £1,515,518 making the total amount recovered **£1,698,218.64** to compensate RE.

CAFT specialist investigators initiated a painstaking process referred to as 'follow the Money' and were able to trace the funds to a number of accounts held with gambling establishments in off shore locations such as Malta and Gibraltar. The identified entities were then contacted using communication lines through the UK's Gambling Commission. Because of this Barnet was able to enter into negotiations with these entities and were successful in having settlement agreements put in place. It should be noted that these actions have not been implemented by any other local authority as a method of recovery previously.

The final recovery actions allowed CAFT to secure £182,000 via PoCA confiscation orders and a further £1,515,518 via compensatory financial Settlement Agreements thereby reducing the loss from **£2.063 million** to less than **£365,000**.

**Cases 1,3,5 and 6** – relate to partnership working with the London Borough of Haringey's planning departments. All four cases are in connection with breaches of planning enforcement notices where houses have been unlawfully converted into flats which are then rented out. The breach of the enforcement notices makes the offences criminal in nature and as a result any income received as a result of that offence is subject to Proceeds of Crime legislation.

- **FI Case 1:** £310,000 (**£31,000** for LBB and £78,909 for LBH)
- **FI Case 3:** £43,050 (**£4,305** for LBB and £10,945 for LBH)
- **FI Case 5:** £140,000 (**£14,000** for LBB and £36,938 for LBH)
- **FI Case 6:** £85,000 (**£8,500** for LBB £22,462 for LBH)

**Cases 2 and 4** – relate to partnership working with Regional Enterprises planning department. Both cases are in connection with breaches of planning enforcement notices where houses have been unlawfully converted into flats which are then rented out. The breach of the enforcement notices makes the offences criminal in nature and as a result any income received as a result of that offence is subject to Proceeds of Crime legislation. These cases have generated **£33,000** of income for Regional Enterprise Planning Department.

- **FI Case 2:** £65,000 (**£11,943** for LBB and £11,943 for RE)
- **FI Case 4:** £114,816 (**£21,097** for LBB and £21,097 for RE)

### **Tenancy Fraud Investigations**

**Case 1** - Mr A had a one bedroom flat in Cricklewood, a referral was received from the caretaker of the address who suspected the property was being lived in by someone other than the tenant. The resulting CAFT investigation found that the tenant was in fact living with his partner elsewhere. The tenant attended an

interview under caution where he fully admitted to not living in the property for at least two years and allowing his friend to live there rent free. He voluntarily returned the keys and the property was recovered. The matter continues to be pursued by CAFT and legal for prosecution under the Prevention of Social Housing Fraud Act.

**Case 2** – Miss B had a three-bedroom house in Mill Hill. A referral was received from Barnet Homes who had concerns that the tenant was possibly living abroad. A CAFT investigation was started and the evidence obtained confirmed the tenant had been living in Uganda for the past 5 years. Further investigation found that the tenant had passed away whilst in Uganda. An application from her daughter to succeed the tenancy was submitted as it was claimed she was still living in the property and that she could take over the tenancy. CAFT identified that the daughter was also living abroad and therefore had no succession rights to the property. The matter was passed to our legal team and went to civil court where outright possession was granted and an eviction took place to recover the property.

**Case 3** - Mr C had a three-bedroom Tenancy and submitted a right to buy application. All right to buy applications are vetted by CAFT. The resulting investigation obtained evidence that showed the tenant had tried to hide the fact he was a director of his own company and his income was far greater than declared when he first made his homeless application 6 years earlier. The tenant was given an opportunity to explain this during an interview under caution however, he decided to make no comment but instead surrendered the keys to the property. The case is now being prepared for legal with a view to prosecute due to the false application.

**Case 4** - Miss D had a two bedroom flat in Colindale, a referral was received by CAFT from a Housing Officer. The referral stated that on assessing a rehousing application from a non-secure tenancy it was noted that the bank statements seemed to show a large payment being made, possibly in connection with the purchase of a property which had not been declared. Non-secure tenants are not eligible for rehousing unless they meet certain criteria, one of which is an income limit and another that they do not own a property. The CAFT investigation found the tenant had purchased a property whilst living in the social housing property, when the evidence was put to the tenant they returned the keys and the property was recovered.

**Case 5** - Miss E had a three bedroom flat in Barnet with Family Mosaic Housing Association. A referral was received from the Metropolitan Police, who stated that they had arrested the tenant and her partner at a different address to that of the housing association. A CAFT investigation found that the tenant and her partner were living in a property they owned whilst sub-letting the social housing property contrary to the Prevention of Social Housing Fraud Act. As this was a property which Barnet Council had the nomination rights to, the tenant returned the keys and the property was recovered. The case is being prepared for formal prosecution.

**Case 6** - Mr F -was previously reported within the CAFT Q2 18-19, this was in relation to the sub-letting of a two bedroom flat in North Finchley, the tenant had sub-let both bedrooms at a rent of £600 per month. As a result of the investigation the tenant returned the keys and the property was recovered. However due to the seriousness of the offences committed the case was prepared for criminal prosecution. In September 2019 Mr F pleaded guilty to Section 1 of Prevention of Social Housing Fraud Act 2013. He was sentenced to a fine of £2,500, to pay the costs of £2,757 and an unlawful profit order of £12,349.58.

**Case 7** - Miss G had a temporary accommodation bedsit in Willesden. A referral was received from the housing agent as they believed the property was being sub-let to a man whilst the tenant was abroad. A CAFT investigation showed the tenant was in fact abroad. An un-announced visit was made with the agent, and access gained. It was clear that an unknown male was residing there and not the tenant. Due to the evidence obtained during the investigation, the tenancy was cancelled and the property recovered, no further action could be taken due to the tenant being abroad.

**Case 8** - *is from a previous year but reported but the final confiscation amount has now been received*

Miss C had a two bedroom flat in Barnet, a referral was received stating the tenant was not resident in the property and sub-letting to two other people, the CAFT investigation identified the tenant jointly owned a property elsewhere and had been living there with her partner and family. Further investigation found she had

been receiving a rental income from the sub-tenants between October 2007 and October 2013. The matter went to Harrow Crown Court where the tenant pleaded guilty to a charge of subletting, contrary to section 1 of the Prevention of Social Housing Fraud Act and received a sentence of 20 months imprisonment, suspended for 18 months. She was ordered to carry out 80 hours of unpaid work and to pay costs of £6,883. CAFT decided to take further financial action under the Proceeds of Crime Act 2002 due to the rental income received. As a result, a confiscation order was made by the court for the amount of £40,004. Under the incentivisation scheme Barnet received £14,7001. This has been paid in full.

**FI Case 8-Tenancy fraud case £40,004 (£14,701 for LBB)**