

Appendix 2 – Corporate Anti-Fraud Team Mid Year Update 2016-17

	Fraud work stream	Proposed counter fraud activity	Mid Year Progress update, Q1, Q2 and Q3
	Objective: Acknowledge fraud and corruption risks, reaffirm the responsibility of the leadership team in managing these risks and assess the risk of fraud and corruption across all parts of the organisation.		
1	Corporate fraud risk assessment	Identify and assess Harrow's fraud risk exposure affecting the principle activities in order to fully understand changing patterns in fraud and corruption threats and the potential harmful consequences to the authority and our customers	<p>Objective on-going</p> <p>The Head of Internal Audit, Corporate Anti Fraud Manager and Risk Manager met with the Directorate Department Management Teams early in the financial year and held discussions around fraud risks affecting their particular service areas. This will continue for 2017/18 and beyond.</p> <p>Capturing the required detail of relevant fraud risk information has been a challenge mainly due to capacity issues and conflicting priorities faced by the team, predominantly relating to the quantity and complexity of fraud referrals received. The information that was captured as part of these discussions was combined with other fraud risk information from national reports, the sharing of fraud information through partnerships in counter fraud networks and known fraud established and this fed into the fraud plan for the year.</p> <p>This on-going risk assessment work will inform establishing a fraud risk register where service areas will take responsibility for managing and mitigating fraud risks impacting their work with guidance and support from Internal Audit and Corporate Anti Fraud.</p>
2	Corporate fraud risk register	Consider the development of a fraud risk register to be integrated into the existing risk management framework, where significant fraud and corruption risks will be owned and maintained by the directorates	<p>Objective slipped to June 2017 for completion</p> <p>Given the above information on fraud risk assessment, this objective has been impacted. Additional work in relation to the risk assessment is required before the register can be drafted. This has a revised target date of June 2017 for being established.</p>
3	Corporate Anti-Fraud & Corruption Strategy	Development of a counter fraud and corruption strategy that links to the Harrow's corporate priorities, the overall goal of improving resilience to	<p>Objective Complete for 2016/17 and monitoring ongoing</p> <p>The Council's Corporate Anti Fraud & Corruption Strategy was reviewed and a draft strategy went before the GARMS Committee on 6th December 216.</p>

		fraud and corruption and fully reflects the fraud risks faced by the authority	The strategy will go before full Council on 23 rd February 2017 for approval and adoption into the Constitution.
Objective: Prevent, detect and deter fraud and corruption impacting the organisation by raising awareness of fraud and corruption			
4	National Fraud Initiative co-ordination role	<p>Plan, prepare and co-ordinate the 2016/17 National Fraud Initiative (NFI) exercise including:-</p> <ul style="list-style-type: none"> • Review of all fair processing and collection notices for all data sets and submit notification to Cabinet Office by 30/06/16 • Review of all data sets specifications with service areas by 31/08/16 • Extract data from key systems by 03/10/16 • Allocate matches to service areas on 29/01/17 	<p>Objective Complete up to the end of Q3</p> <p>The NFI project met the deadlines with only a handful of minor data specification issues with some services. Work commenced in May 2016 by consulting with the service areas ensuring that all had satisfactory fair processing notices in place and resulted in the following data sets being uploaded to the Cabinet Office secure site in December 2016.</p> <ul style="list-style-type: none"> • Blue Badges and Concessionary Travel Passes • Council Tax – Single Persons Discount and Council Tax Reduction • Creditor data – Standing and Historical • Electoral Roll • Housing – Current tenants and waiting list • Insurance • Alcohol Licensing • Residents Parking Permits • Payroll • Pensions • Person Budgets • Private Supported Care Homes • Right to Buy <p>Data outputs from the project will be released at the end of January 2017 and the CAFT will be working closely with the above areas to ensure that any exceptions are picked up in a timely manner. Any suspicion of fraud and corruption will be referred to the CAFT for closer scrutiny.</p>
5	Corporate fraud awareness	Raise awareness of fraud and corruption both within the authority and in the community through running an awareness campaign and the publication of fraud successes in local and national media, including the use of all forms of social media	<p>Objective On Target</p> <p>Fraud awareness sessions</p> <p>A total of four fraud awareness for identifying fraud in housing have been delivered in conjunction with a refresher session for using credit bureau data to support housing audit work.</p> <p>Two sessions on identity fraud awareness training have been delivered to the No Recourse to Public Funds Team (NRPF) and a roll out programme is</p>

			<p>being planned for Social Workers/Customer facing roles in 2017.</p> <p>An e-learning fraud awareness package is currently under development and is scheduled to be implemented for all new employees to undertake from June 2017 onwards. There is also an intention to capture all existing employees by March 2019.</p> <p>Publicity</p> <p>The Team featured in a Housing fraud article called Spot It, Stop It, Save It' in Homing In in July 2016 and they also attended the Housing Fair on 9th July 2016 where they promoted the reporting of fraud affecting council tenancies.</p> <p>The Team also featured on two episodes of Channel 5's 'Under Cover: Nailing the Fraudsters' which broadcast in September 2016. The episodes featuring the team followed a planned blue badge enforcement operation in the town centre and partnership work undertaken with Housing Resident Services on a tenancy fraud case where the tenant had moved out without informing the Council.</p> <p>There is a Housing fraud centric media campaign commencing in Q4 which will run throughout 2017/18.</p> <p>The team has reviewed its reporting style and structure and is now reporting investigation work in a consistent template both internally and to management more frequently where a) there is a recommendation as a result of the investigation for management to consider and/or to improve fraud risk controls and b) to inform management of any criminal sanction to be imposed on an individual.</p> <p>This improved reporting style is more in keeping with Internal Audit reports and illustrates a unity and joined up approach from the team since coming together. The reports also raise awareness of fraud across the authority which is a key area of work both in the work plan and throughout the recently reviewed Corporate Anti Fraud & Corruption Strategy.</p>
6	Fraud liaison	Develop and maintain effective liaison with investigation teams in other boroughs and external agencies and ensure that membership continues of the London Borough of Fraud Investigators Group (LBFIG), The	<p>Objective On Target</p> <p>The authority has retained its membership of the National Anti Fraud Network (NAFN) for its essential role in intelligence gathering and the London Borough of Fraud Investigators Group (LBFIG). NAFN is an essential conduit for accessing 3rd party information sources which is vital for</p>

		Local Authority Investigation Officers Group (LAI OG), the National Anti-Fraud Network (NAFN) and the European Institute for Combatting Corruption & Fraud (TEICCAF)	<p>supporting investigation work.</p> <p>Officers in the team have also attended a number of Counter Fraud Conferences during the year which is important to keep abreast of current fraud trends and emerging fraud risks.</p> <p>Established partnerships with the Border Force, HMRC, the Home Office, the Metropolitan Police and other enforcement agencies have proven beneficial to current investigation work.</p>
7	Commercialisation	Explore commercialisation opportunities with Registered Social Landlords (RSL's) in providing a fee based investigation service following the extension of the Right to Buy to the RSL's	<p>Objective put back to 2017/18 for service planning review</p> <p>This work stream has not been possible to explore given the priorities of processing incoming fraud referrals and the loss of 1 FTE equivalent post responsible for this area of work at the start of 16/17. This will be reviewed in the service planning process for 17/18 and a decision taken on a risk basis.</p>
Objective: Ensure the investigation of allegations of fraud and corruption are effective, criminal conduct is punished with appropriate sanctions, established losses are pursued robustly and fraud loss avoidance is measured effectively where possible			
8	Housing fraud	<p>Assess and investigate allegations of fraud and abuse in the housing system working in partnership with Housing Resident Services, Housing Needs and Harrow's RSL's including:</p> <ul style="list-style-type: none"> • Seek to recover 10 social housing units subject to fraud & misuse • Prevent housing application fraud through targeted application validation and potential sampling of temporary accommodation/bed & breakfast • Prevent fraudulent Right to Buy (RTB) applications through targeted application validation 	<p>Objective On Target</p> <p>Tenancy Working in partnership with Housing Resident Services, 7 social housing tenancies have been recovered to date resulting in savings to authority amounting to £243,000.</p> <p>In 2016/17 the team has received 50 housing tenancy referrals and at present has a caseload of 40 live investigations at various stages of investigation.</p> <ul style="list-style-type: none"> • 1 case has been referred to housing for repossession action and is also being considered for criminal sanction • 1 case has a possession hearing on 03/02/17 • 1 case has a bailiff eviction warrant scheduled for 16/01/17 <p>Housing Applications Working in partnership with Housing Needs, 2 applications for housing have been intercepted following fraud validation checks. This has resulted in fraud loss avoidance savings of £81,000. The CAFT are fraud validating</p>

		<ul style="list-style-type: none"> • Prevent mutual exchange, succession and assignment fraud through targeted application validation • Prevent abuse of the housing incentivisation scheme through targeted application validation • Undertake a housing data match on Harrow's housing stock working alongside a credit reference agency • Maintain and develop membership of the London housing fraud hub and explore other datamatch opportunities • Consider running a housing fraud centric publicity campaign to raise awareness internally and the community including an amnesty • Maximise the use of powers contained within the Prevention of Social Housing Fraud Act 2013 (PoSHFA) in terms of gathering evidence, investigation and prosecution of offenders and recovery of unlawful profit 	<p>each application that is set live on the Council's waiting list..</p> <p>A total of 31 housing application referrals have been received to date and 1 other application for an incentive through the Council's under occupation scheme. Of these, 19 are live cases under investigation at various stages of investigation.</p> <p>3 cases are currently with management for a criminal sanction decision</p> <p>1 case has been referred to legal for potential prosecution</p> <p>The team lost a prosecution case in June 2016 against a husband and wife that applied to Harrow for housing and continued to bid for properties, when they already held a tenancy in Hertfordshire. The application was intercepted by the authority but it was felt that it was so serious an attempted fraud that a prosecution was appropriate and in the public interest. The case hinged around the fact that the applicants claimed to have told the Council that they had moved to Hertfordshire. The Council argued that there was no evidence they had informed anyone and that they should have notified the Housing Department.</p> <p>The application form which is a Locata form shared by a number of West London Boroughs stated that they need only tell the Council and not the Housing Department about any changes. This technicality shed sufficient doubt on the prosecution case and the jury found in their favour.</p> <p>A subsequent review of the Locata application form has now resulted in it being amended to state that the applicant needs to inform the relevant Housing Department of any changes likely to effect the status of the application. It also provides examples of types of changes to report.</p> <p>The authority, in losing the case could not seek to recover its legal costs which were in excess of £10,000.</p> <p>RTB Working in partnerships with Leasehold Services, HB Public Law Services and Housing Residents Services 2 RTB applications have been intercepted saving the authority £207,800.</p> <p>The team has received 16 RTB referrals to date of which 19 are live under investigation (some cases carried forward from 15/16).</p> <p>In November 2016, the team commenced a more robust RTB application</p>
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validation process whereby anti money laundering checks are deployed on all applications at the stage when the purchaser engages with HB Public Law. The purpose of this check is to determine the source of funds being used to purchase the Council property and to rule out money laundering.

1 case has been referred to Leasehold Services with a recommendation to reject the application due to suspicions of money laundering following the implementation of the improved system. The team has also engaged with the National Crime Agency (NCA) on this. Counsel advice has been commissioned and is due back in to the authority imminently.

Housing Datamatch

The team commissioned a bulk datamatch of tenancy records against credit bureau data which is included as part of the membership of the housing hub. The matches were returned in Q2 and were as follows:-

- Total records matched 4794
- Red 48 matches (32 matches cleared with information already known to the authority mainly around deceased tenants)
- Amber matches 170 (to be risk assessed and processed accordingly)
- Green matches 4576 (no issue)

At the time the datamatch was commissioned, the team had capacity to deal with the returned matches, but referrals and complexity of work increased throughout Q2 and Q3 which has resulted in this work slipping. It is envisaged that greater focus will be placed on this work in Q4.

Gas Warrants

CAFT accompany Housing Resident Services on all gas servicing entry warrants with a view to establishing possible leads for the tenant whereabouts and reasons for not responding to the letters requesting access to undertake this work. Repossession of 2 properties have been achieved through this work stream where the properties have been abandoned.

Housing Fraud Hub

The authority continues its membership of the hub and submits data on a monthly basis for matching in London.

			<p>PoSHFA 2013 Powers The authority has utilised powers contained within the above act through requests to the National Anti Fraud Network (NAFN) on 14 occasions this year. If approved by NAFN, this enables the authority to access personal financial data on the tenant held by the banks on cases where it appears they have either sublet the property or are not residing as their principle home.</p> <p>Overall fraud savings attributed to this work stream is approximately £531,800</p>
9	Internal fraud & corruption	Assess and investigate allegations of internal fraud and corruption in a timely manner.	<p>Objective On Target</p> <p>To date this year 2 employees (1 agency and permanent) have been dismissed as a result of fraud and corruption undertaken. This has generated savings of £85,000 (combined annual salaries for 1 year). 1 employee was apprehended misusing a blue badge on the Civic Centre and the other employee was working undeclared for another Local Authority in London as a self employed contractor and claiming to be working in both authorities at the same time.</p> <p>The team has received 7 internal fraud referrals this year and currently has 10 live investigations (a number of cases carried forward).</p> <p>Of the 10 live investigations:-</p> <ul style="list-style-type: none"> • 4 cases under active investigation • 2 cases with management for a criminal sanction decision (both employees have been dismissed) • 2 cases are with the police following arrest (1 employee dismissed and 1 currently suspended) • 1 case with HB Public Law for advice on criminal sanction (already dismissed) • 1 case subject to management investigation/disciplinary action following suspension <p>In relation of one of the cases involving the police, this case has consumed a great deal of time and resource of the team in Q3 as it has appeared organised in its nature and impacted multiple claims for housing benefit. This investigation is being undertaken in tandem with the police and it is envisaged to run well into 2017-18 and possibly beyond given its complexity.</p>

			Overall fraud savings attributed to this work stream is approximately £68,000
10	No Recourse to Public Funds (NFPF) fraud	Work in partnership with the People Directorate to explore the area of <i>No Recourse to Public Funds</i> (NRPF) recently highlighted in Protecting the English Public Purse 2015, in undertaking targeted application validation and make recommendations to better manage fraud risks	<p>Objective On Target</p> <p>The team has 3 live NRPF investigations, where 2 are suspected to be linked to identity fraud.</p> <p>These investigations are complex because the applicants have dependant children so there is a duty on behalf of the authority to support and safeguard them under Section 17 of the Children's Act.</p> <p>The cost of these three cases alone to the authority in terms of housing and subsistence funding is around £150,000 per annum. If evidenced is uncovered of identity fraud then a decision will be taken on prosecution of the applicant.</p> <p>The team continue to liaise with the NRPF Team and Immigration on all cases to ensure that the gateway to services is robust and to ensure that fraud is identified and dealt with appropriately.</p>
11	Revenues fraud	Work in partnership with Revenues and Benefits to Investigate allegations of fraud and abuse of the Council Tax, Council Tax Support and Non Domestic Rates Systems, including exemptions, discounts, and reliefs and apply appropriate sanctions where fraud is proven	<p>Objective On Target</p> <p>The team has 2 live investigations into Council Tax Single Persons Discount (SPD) where the individuals have repeatedly claimed the discount by completion of a form, yet there is a doubt surrounding the veracity of the application. The team has received 3 referrals in total.</p> <p>The team has received 19 referrals and has 20 live CTRS cases of which 9 are with management for a sanction decision</p> <p>1 case has resulted in the applicant being issued with a £1000 penalty which has been paid in full in addition to the fully repaid CTRS of £3533.50.</p> <ul style="list-style-type: none"> • 3 cases are unallocated • 6 cases under investigation • 1 caution appointment is fixed • 1 case awaiting a visit <p>Overall fraud savings attributed to this work stream is approximately £4533.50</p>

12	Blue badge fraud	Working in partnership with Concessionary Fares and Parking Enforcement to investigate allegations of fraud and abuse of the disabled badge scheme by taking part in the Council Secure Streets Days of Action schedule on a risk basis.	<p>Objective On Target</p> <p>The team have carried out 1 on street enforcement operation which resulted in an employee being challenged for misuse. They have subsequently been dismissed (agency staff member) and a decision on criminal sanction yet to be determined.</p> <p>1 further caution has been administered which was for an employee dismissed in 2015/16 (agency staff member).</p> <p>The team has received 27 referrals to date this year.</p> <p>Of the 30 live cases, 11 are with management for a criminal sanction decision.</p> <p>Overall fraud savings attributed to this work stream is approximately £700</p>
13	Social care fraud	Work in partnership with the People Directorate to explore social care fraud and abuse by ensuring that funding is spent according to care plans and make recommendations to better manage fraud risks	<p>Objective On Target</p> <p>The team have 18 live investigations into social care payments of which 15 are in relation to direct payments.</p> <p>The team has received 7 referrals this year, a number of cases were carried forward.</p> <p>The team obtained evidence in relation to a disabled facility (DFG) grant application that resulted in the application being rejected due to inconsistencies with the applicants builder and cost of the works undertaken. This resulted in a savings of £26,000.</p> <p>Overall savings attributed to this work stream is £26,000</p>
14	Partnership working	Responding to requests for information in a timely manner from our law enforcement partners e.g. Police, Other LA's etc.	<p>Objective On Target</p> <p>The team continues to respond to requests for information from law enforcement agencies and to offer support to their investigations. There are a number of live investigations that are being undertaken jointly with both Immigration and the Metropolitan Police.</p>

15	Risk assess fraud referrals	Assess and investigate allegations of fraud and corruption on a risk basis in a timely manner	<p>Objective Ongoing</p> <p>The team has received 173 fraud referrals in Q1 – Q3. See table 1 for referral type breakdown. There has been some bedding in issues with the new fraud system that was implemented in Q2 therefore some reconciliation work is required on exact numbers.</p> <p>For Q1 and Q2 there was a backlog of fraud referrals and the associated fraud referral risk assessment process as the team struggled to absorb this work which was previously undertaken by the 1 FTE post which was deleted in April 16 as part of the MTFS</p> <p>In November 2016, the team simplified the risk assessment matrix for deciding whether to invest resources in an allegation or not. The result of the review has meant that greater emphasis has been placed on higher risk and higher value fraud and that which could potentially impact greater in terms of finance and reputational damage. By the end of Q3 the fraud referral backlog had been cleared.</p> <p>Lower value fraud allegations will be pushed back to the service areas with recommendations from the team to review.</p> <p>In Q4 the team will start the sharing of a resource with Internal Audit to assist the team process the incoming referrals, to deal with requests for information from external law enforcement agencies and to build intelligence on cases.</p>
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