

Appendix 3 – Corporate Anti-Fraud Team 2017-18 Mid-Year Report

	Fraud work stream	Target	2017-18 Mid-Year Progress update
	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	<p>Corporate fraud risk assessment</p> <p>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>	Q1	<p>Objective met</p> <p>The draft fraud plan for 17/18 was developed drawing on fraud risk information from reports such as Protecting the English Purse 2016 and the Annual Fraud Indicator 2016, the sharing of fraud information through partnerships well established in counter fraud networks and known fraud instances impacting the authority during 2016-17.</p> <p>The draft fraud plan was also shared with Corporate Directors and their Department Management Teams seeking feedback on the proposed plan before being approved by the committee.</p> <p>Nevertheless, given the ever changing fraud landscape the findings from the establishment of the fraud risk register will further support the on going risk assessment process to ensure that the organisation is fully aware of emerging significant fraud risks, is able to mitigate them and further protect itself with the implementation of additional fraud risk controls.</p>
2	<p>Corporate fraud risk register</p> <p>Develop a fraud risk register where significant fraud and corruption risks will be owned and maintained by the directorates</p>	Q2	<p>Objective not met and is ongoing</p> <p>The planning and preparation for the workshops including the follow up work was under estimated at the beginning of the year when the plan was drafted so the original completion deadline has now slipped from Q2 to Q4.</p> <p>A number of pilot workshops have taken place in Q1 & Q2 within the Resources Directorate involving :-</p> <ul style="list-style-type: none"> • Identification of the main fraud risks affecting the Resources Directorates • Assessing the inherent fraud risks • Capturing the controls to mitigate these risks • Reassessing the residual fraud risks • Identifying further actions to increase fraud risks resilience <p>Similar workshops are planned for the People and Community Directorates in Q3 and Q4.</p>

			Once all workshops have been undertaken and the findings placed into a fraud risk register, it will be presented to Corporate Strategy Board for comments and then presented to the Committee with recommendations as to how it should be managed, reviewed and put to best use by the authority to improve its fraud risk management.
3	<p>Corporate Anti-Fraud & Corruption Strategy</p> <p>Review the Corporate Anti Fraud & Corruption Strategy 2016-19 that links to Harrow's corporate priorities, the overall goal of improving resilience to fraud and corruption and fully reflecting the fraud and corruption risks faced by the authority</p>	Q4	<p>Objective not commenced</p> <p>The review of the strategy is scheduled to commence in Q4</p>
Objective: Prevent, detect and deter fraud and corruption impacting the organisation by raising awareness of fraud and corruption			
4	<p>National Fraud Initiative co-ordination role</p> <ul style="list-style-type: none"> • Co-ordination of the 2016/17 National Fraud Initiative (NFI) match processing including:- • Providing supporting and guidance to service areas processing matches • Providing guidance on whether a match is fraud or error. • Picking up any matches referred as fraud and investigating them to satisfactory outcome including corrective action 	Q1-4	<p>Objective on target</p> <p>The team acts in both a support role to service areas that are tasked with processing matches and picking up fraud referrals that are generated as a result of this work. In all areas, where there are matches that have not yet commenced or complete, the team is supporting the service area to prioritise the work on a risk basis and complete as soon as is practicably possible.</p> <p>A summary of service activity is as follows:-</p> <ul style="list-style-type: none"> • Blue badges – 487 total matches, 435 recommended matches. Work not commenced. • Creditors – 3909 total matches, 509 recommended matches. A 10% sample has been undertaken of the 509 matches identifying £10,420.33 of duplicate payments. Work complete • CTRS – 2503 total matches, 92 recommended matches, not yet processed. Work not commenced. • Housing tenants – 52 total matches, 35 recommended matches, 8 processed and 1 on going. Work on going.

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| | | <ul style="list-style-type: none">• Insurance claims – 102 total matches, 5 recommended, 4 processed. Work is complete, no outcomes.• Personal budgets – 86 total matches, 12 recommended matches, not yet processed. Work not commenced.• Procurement – 118 total matches, 91 recommended matches, not yet processed. Work not commenced.• Pensions – 181 total matches, 92 recommended matches, 92 matches processed with overpayments identified amounting to £1863.91 (pension to a deceased individual). Work complete.• Payroll – 142 total matches, 63 recommended matches, 18 processed to date. Work on going• RTB – 13 total matches, 0 recommended matches, all processed (due to high fraud risk). Work complete.• Private Residential Care Homes – 19 total matches, 10 recommended matches, 19 processed, 1 cases resulting in a savings of £701.67. Work complete.• Residents parking permits – 5 total matches, 1 recommended, 1 processed resulting in a £70 saving. Work complete.• Waiting list – 2042 total matches, 1947 recommended, 70 processed, 10 in progress resulting in savings of £154,000 (partially explained in objective 8). Work on going |
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5	<p>Corporate fraud awareness</p> <p>Raise awareness of fraud and corruption risks both within the authority and in the community through the publication of fraud successes in local and national media, including the use of all forms of social media including the following actions:-</p> <ul style="list-style-type: none"> • Rolling out fraud E-learning to new employees • Elected Member fraud awareness training • Raising fraud awareness in schools in conjunction with Internal Audit's annual programme of planned works • Chief Executive Newsletter articles on fraud and corruption • CAFT Hub/web pages refresh • Issuing management reports detailing investigation outcomes and recommendations for improving fraud risk controls are implemented if agreed according to risk 		<p>Objective partially met</p> <p>Q1 E-learning – not met Implementation has been held up due to IT issues and ensuring the e-package is scorm compliant with Harrows learning and development platform. It is envisaged that the training package will be ready for release to staff in Q4.</p> <p>Q2 Elected member training – not met A fraud awareness session was delivered to the Labour Group in July 2017 as the original date was rescheduled due to the election being called. A date to deliver the session to the Conservative Group is currently being sought after.</p> <p>Q1-4 Schools fraud awareness – on target A programme of fraud risk awareness sessions in a number of Harrow schools is scheduled to commence in Q3.</p> <p>Q1-4 Chief Executive Newsletter – on target An article featured in the newsletter in September 2017 detailing a successful prosecution that the team undertook against an individual that defrauded the help2let scheme.</p> <p>Q3 Web refresh – early completion The CAFT web pages were refreshed in Q2 to reflect current fraud trends and statistics</p> <p>Q1-4 Management reports issued – on target A number of management reports have been issued following the outcome of fraud investigations including recommendations to improve fraud risk controls in service areas. Greater detail on report numbers and recommendations agreed and implemented will be provided in the year end report.</p> <p>Fraud workshops – on target</p>
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	<ul style="list-style-type: none"> • Fraud workshops/CAFT attendance at team meetings for high fraud risk areas • Publicity through all forms of media on successful fraud cases, fraud initiatives and related prosecution outcomes 	<p>Q1-4</p> <p>Three fraud awareness workshops have been delivered to teams in Adults and Children's Services. These workshops have taken place in addition to the workshops to establish the fraud risk register.</p> <p>General Publicity – on target</p> <p>Q1-4 An article on tenancy fraud featured in Homing In magazine in April 2017 about a tenant that was found to be residing in the US. She had tried to purchase her home through the RTB. This was intercepted and her tenancy recovered.</p> <p>A housing fraud pull up banner was placed in Access Harrow Reception between May – July 2017 encouraging members of the public to report tenancy fraud.</p> <p>An individual that defrauded the Council's help2let scheme and then vanished when the fraud was identified featured in The Harrow Times and other local publications. He was successfully prosecuted when arrested at the border re-entering the UK.</p>
6	<p>Fraud liaison</p> <p>Develop and maintain effective liaison with investigation teams in other boroughs and external agencies and ensure that membership and interest continues in the London Borough of Fraud Investigators Group (LBFIG), The National Anti-Fraud Network (NAFN), the European Institute for Combatting Corruption & Fraud (TEICCAF), The Chartered Institute of Public Finance and Accountancy (CIPFA) and the London Fraud Hub</p>	<p>Q1-4</p> <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 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> <p>The team played an integral role in the creation and implementation of a pilot between the No Recourse to Public Funds Team (Children's Services) and the Home Office Immigration Enforcement Directorate with a part time Immigration Officer being embedded within Children's Services to support front line services in establishing customer's immigration status. The partnership commenced in July 2017 and has already generated savings in terms of the authority avoiding losses attributed to incorrect customer immigration status. The pilot is currently under review with a decision on extending due in the new year. (Refer to objective 10 also)</p>
7	<p>Internal datamatching</p> <p>Explore the use of the iDIS data matching tool linked to the CAFT fraud case</p>	<p>Q2</p> <p>Objective met</p> <p>The team have explored utilising this tool by visiting other sites where the software has been used successfully and generated income/savings. There is potential for utilising this with</p>

	management system which has capability for matching large extracts of data against each other for the purposes of preventing and detecting fraud, corruption and error.		positive outcomes for the authority. A decision will be made in Q3 as to whether the team has sufficient capacity to run a fraud campaign using the data matching tool or whether it is more practical to build it into the fraud plan for 2018/19.
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	<p>Housing fraud</p> <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 15 social housing units subject to fraud & misuse (KPI1) Prevent housing application fraud through targeted application validation with a fraud check on 90% applications referred to the CAFT and set live on the waiting list (KPI2) 	<p>Q1-4</p> <p>Q1-4</p>	<p>Objective on target</p> <p>Tenancy - exceeded Working in partnership with Housing Resident Services, 9 social housing tenancies have been recovered to date resulting in notional fraud savings to the authority amounting to £837,000.¹ In addition to this, in 1 possession case the authority was awarded £425.50 court costs. KPI1 target 15, achieved 9 to date (60% complete).</p> <p>To date in the team has received 32 housing tenancy referrals and at present has a caseload of 56 live tenancy investigations (including 7 housing association cases) at various stages of investigation.</p> <p>Housing Applications – on target 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 £81,000.² The CAFT are fraud validating each application that is set live on the Council's waiting list.</p> <p>In addition to this, a further 42 NFI data matching cases have been removed off the Councils' waiting list where 42 individuals had deceased (of which 4 were banded as A priority). This housekeeping work has resulted in notional savings of £148,000³</p> <p>A total of 9 housing application referrals have been received to date and 8 have undergone fraud validation checks before offers have been made, with 1 case still on going. KPI2 target 90%, achieved 89% (8/9 cases validated with a fraud check)</p>

¹ The notional value of tenancy recovery now estimated to have increased from £75,000 to £93,000 per unit according to the [Cabinet Office National Fraud Initiative Report 2016](#)

² Savings based on the likely sized properties the applicants would have been entitled to had they been successfully housed

³ NFI waiting list removal cases where 4 individuals were band A priority and bidding at the time of death (£72,000 saving) and 38 other individuals removed following housekeeping (£76,000 loss avoidance admin savings)

<ul style="list-style-type: none"> Prevent fraudulent Right to Buy (RTB) applications through targeted application validation with a fraud check on 90% applications referred to the CAFT at offer stage (KPI3) Prevent mutual exchange, succession and assignment fraud through targeted application validation and working with the service area Prevent abuse of the housing incentivisation scheme through targeted application validation and working with the service area Maintain and develop membership of the London housing fraud hub and explore other datamatching opportunities Work with Housing and 	<p>Presently, 17 cases are live under investigation (some cases live prior to April 2017).</p> <p>Q1-4 RTB applications – on target Working in partnerships with Leasehold Services, HB Public Law Services and Housing Residents Services, 3 RTB applications were intercepted saving the authority £314,700 in terms of purchase discounts losses prevented.⁴</p> <p>These are generally due to applicants failing anti money laundering checks (proving the source of funds) or following CAFT consultation with the lenders and the mortgage offer being withdrawn.</p> <p>The team is continuing to make use of the National Hunter system allowing the authority to communicate with lenders lawfully for the prevention and detection of crime.</p> <p>The team has received 21 RTB referrals to date. Currently there are 20 cases live under investigation.</p> <p>KPI3 target 90%, achieved 100%</p> <p>Q1-4 Mutual exchange/succession/assignment – no referrals received There have been no referrals to the team made in this area</p> <p>Q1-4 Housing incentivisation scheme – on target A grant to move amounting to £3,000 was rejected along with 2 help2let applications. The outcomes have been included in objective 12.</p> <p>Q1-4 Housing Fraud Hub – on target The authority continues its membership of the hub and submits data on a monthly basis for matching in London.</p> <p>Q2-3 Housing fraud centric publicity campaign – on target An article on tenancy fraud featured in Homing In magazine in April 2017 about a tenant that</p>	
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⁴ Maximum RTB discount is currently £104,900 off the property purchase price

	<p>Communications to run a housing fraud centric publicity campaign to raise awareness internally and the community including a key amnesty</p> <ul style="list-style-type: none"> • 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>Q1-4</p>	<p>was found to be residing in the US. She had tried to purchase her home through the RTB. This was intercepted and her tenancy recovered.</p> <p>Fraud flyers raising awareness were included in Council tenants rental statements issued in March – April 2017</p> <p>A housing fraud pull up banner was placed in Access Harrow Reception between May – July 2017 encouraging members of the public to report tenancy fraud.</p> <p>An individual that defrauded the Council’s help2let scheme and then vanished when the fraud was identified featured as an article in The Harrow Times and Harrow People Winter 2017. He was successfully prosecuted when arrested at the border re-entering the UK.</p> <p>PoSHFA 2013 Powers – on target</p> <p>The authority has utilised powers contained within the above act through requests to the National Anti Fraud Network (NAFN) on 15 occasions this year.</p> <p>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 £1.38 million</p>
<p>9</p>	<p>Internal fraud & corruption</p> <p>Risk assess 80% allegations of internal fraud and corruption as a priority and deploy resources on those cases where there is corroborative evidence within an average of 5 workings days of receipt of the information (KPI4).</p>	<p>Q1-4</p>	<p>Objective not met and ongoing</p> <p>The team has received 4 referrals this year and currently has 7 live investigations. Of the 4 referrals received, 3 were risk assessed within 5 working days.</p> <p>KPI4 target 80%, achieved 75%.</p> <p>There have been 2 positive outcomes</p> <p>1 employee was dismissed as a result of fraud and corruption investigations resulting in salary savings amounting to £13,269.</p> <p>The employee had diverted significant sums of Housing Benefit payments from live claims into accounts that they had some element of control over. They were arrested and have been charged with fraud by abuse of position along with one other person (non employee) and the matter is due for Crown Court trial in the coming months.</p> <p>The other employee was successfully prosecuted by the Crown Prosecution Services for identity fraud after they had provided a false passport to the employment agency as proof of identity. They pleaded guilty and were sentenced to 4 months imprisonment with an order that the document be destroyed.</p>

			<p>Of the 7 live investigations:-</p> <ul style="list-style-type: none"> • 2 cases are awaiting sentencing and trial outcomes • 1 case is with management for a decision • 5 cases still live under investigation <p>Overall fraud savings attributed to this work stream is £13,269 at present, but this will increase once the court cases are concluded</p>
10	<p>No Recourse to Public Funds (NRPF) fraud</p> <p>Continue to 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 and 2016, in undertaking targeted application validation and make recommendations to better manage fraud risks</p>	Q1-4	<p>Objective on target</p> <p>The team received 2 NRPF referrals and have 2 live investigations presently. Both cases were linked to identity fraud.</p> <p>In one case the authority assembled sufficient evidence to cast doubt over the identity of the applicant and prove that they were also in a relationship, therefore being financially supported. The authority terminated financial support to this individual generating loss avoidance savings of £21,555.60</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 and preferably before it enters the system.</p> <p>Overall fraud savings attributed to this stream of work is £21,555.60.</p>
11	<p>Revenues/Business Rates/Council Tax Support fraud</p> <p>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, apply appropriate sanctions where fraud is proven and assist in the recovery of fraud related losses</p>	Q1-4	<p>Objective on target</p> <p>The team has received 17 referrals of Council Tax discount fraud, CTRS fraud and NNDR fraud of which there are currently 13 live cases.</p> <p>4 cases have resulted in positive outcomes amounting to savings of £7,688.91. 1 case was in relation to a false Single Person Discount application and the other cases were all in relation to Council Tax Support cases identified as a result of linked housing fraud investigations</p> <p>1 case of housing benefit fraud amounting to £22,881.72 was identified following a tenancy fraud investigation where the tenant was living in the US. The DWP are currently investigating this matter.</p> <p>Overall fraud savings attributed to this work stream is £30,570.63</p>
12	Social care fraud	Q1-4	Objective on target

	<p>Work in partnership with the People Directorate and Internal Audit to explore social care fraud and abuse by ensuring that:-</p> <ul style="list-style-type: none"> • personal budget funding is spent according to care plans • monitoring of the budget is undertaken effectively • suspicions of fraud are referred to the CAFT when appropriate • • • make recommendations to better manage fraud risks 		<p>A joint review with Internal Audit of personal budgets is scheduled for Q3 to focus on financial assessments, monitoring and recovery of funds and care packages.</p> <p>There have been 5 positive outcomes involving social care/grants. These have comprised of:-</p> <ul style="list-style-type: none"> • 1 disabled facility grant rejected on the basis of an unacceptable builders invoices being presented • 1 incentive 'grant to move' rejected linked to tenancy fraud and a fraudulent RTB application • 2 help2let incentive grants rejected, 1 of which the applicant was successfully prosecuted after fleeing the country and being arrested at the border re-entering the UK • 1 personal budget fraud <p>The team received 6 referrals of which 8 are currently live investigations (cases live before April 17).</p> <p>Overall fraud savings attributed to this work stream is approximately £25,207.32</p>
13	<p>Partnership working</p> <p>Responding to requests for information in a timely manner from our law enforcement partners e.g Police, HMRC, Other LA's etc</p>	Q1-4	<p>Objective on target</p> <p>The team continues to respond to requests for information from other law enforcement agencies to support their work.</p>
14	<p>Risk assess allegations of fraud and corruption</p> <p>Risk assess 80% of allegations of fraud and corruption and deploy resources on those cases deemed sufficiently high enough fraud risk within an average of 10 working days of receipt of the information. (KPI5)</p>	Q1-4	<p>Objective not met and ongoing</p> <p>Of the 105 referrals received in Q1 & Q2, 60% were risk assessed and resources deployed to those cases accepted for investigation. This is the first time this performance indicator has been targeted.</p> <p>Analysing the figures it is clear that at times, capacity has limited the activity that could be directed towards this function. However, Q3 performance to date is meeting around 78% so improving</p> <p>KPI5 target 80%, achieved 60%</p>

No.	CAFT Key Performance Indicators 2017/18	Target	Mid-year progress	KPI mid-year description
1.	Recovery of 15 social housing units subject to fraud and misuse	100%	60% (9/15)	Exceeding
2.	% of fraud validation checks undertaken on cases referred to the CAFT set live on the housing waiting list before offer made	90%	89% (8/9)	Met
3.	% of fraud validation checks undertaken on Right to Buy applications referred to the CAFT at offer stage and before completion	90%	100% (21/21)	Exceeding
4.	% of internal fraud and corruption referrals risk assessed and resources deployed in 5 working days	80%	75% (3/4)	Not met
5.	% of fraud and corruption referrals risk assessed and resources deployed in 10 working days	80%	60% (61/101)	Not met

Analysis of results

1. The partnership with Housing Resident Service has recovered 9 properties out of a target of 15 at the mid-year point so this indicator is being exceeded. A further 2 properties have been recovered in Q3 at the time of report writing making a total of 11.
2. In terms of the % housing cases receiving a fraud validation check before an offer of housing is made, this indicator is running at 89% which is just about on target. The 1 case where the check has not been fully complete is live and on going but the offer of accommodation has not yet been made so the risk of fraud is low.
3. All 21 Right to Buy referral cases have been fraud checked prior to purchase or are undergoing checks as at the end of Q2. This indicator target of 90% is being exceeded at 100%.
4. Of the 80% target indicator for risk assessing internal fraud referrals within 5 working days, the output is 75% so the target is a little under where it should be. In real terms, this was 1 case out of 4 where an allegation of financial irregularity was made that was already being dealt with by another department so it was low risk and did not require urgent attention.
5. Of the 80% target indicator for risk assessing all fraud referrals within 10 working days, the output is at 60% so the target is down on where it should be. The main issue identified is the capacity to deal with the volumes of incoming work within the target set. Some changes in personnel have occurred during Q1 and Q2 relating to this activity which has had a negative impact upon the throughout. The output in Q3 has already increased to 78% so it is envisaged that by year end the figure will be in excess of 80%