

Appendix 2 – Corporate Anti-Fraud Team 2018-19 Mid-Year Progress update

	Fraud work stream	Target	2018-19 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	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	Q4	Corporate fraud risk assessment task planned for Q4
2.	CIPFA Fraud Code Self-Assessment Undertake an annual self-assessment against the CIPFA Code of Managing the Risk of Fraud & Corruption to measure resilience and progress made	Q3	CIPFA Fraud Code Self-Assessment pushed back to Q4 for completion The self-assessment was not possible in Q3 due to vacancies on the team impacting capacity.
3	Corporate fraud risk register Finalise, co-ordinate, review and facilitate the updating of the fraud risk register where significant fraud and corruption risks are identified, mitigated, monitored and update at least annually	Q1-4	Corporate fraud risk register task on target All fraud risks captured in the workshops during 17/18 and 18/19 have been put into a Corporate Fraud Risk Register and Directorate Risk Registers and consultation is now taking place with those individuals responsible for the risks to ensure that the controls are accurate and the risks are re-rated to reflect accurately how the authority manages its fraud risks.
4	Corporate Anti-Fraud & Corruption Strategy 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	Q4	Corporate Anti-Fraud & Corruption Strategy review planned for Q4 The authorities' current Corporate Anti-Fraud & Corruption Strategy 2016-19 is due to be reviewed, however, the Fighting Fraud & Corruption Locally Strategy Board (FFCL) are at present reviewing the strategy for Local Government and therefore, it would be prudent to await the strategy refresh before reviewing or amending the authorities' strategy to ensure it is closely aligned. This may result in the review not taking place in Q4.

	and corruption risks faced by the authority		
5.	<p>Establish a fraud loss methodology</p> <p>Develop and implement a fraud loss value methodology to apply consistently to significant fraud risk exposures enabling fraud losses to be measured accurately</p>	Q1-2	<p>Establish a fraud loss methodology task not achieved</p> <p>The task was not complete due to vacancies on the team impacting capacity. The task will be considered for carry forward to the 2019/20 plan.</p>
<p>Objective: Prevent, detect and deter fraud and corruption impacting the organisation by raising awareness of fraud and corruption</p>			
6.	<p>National Fraud Initiative co-ordination role</p> <p>Co-ordination of the 2018/19 National Fraud Initiative (NFI) data match processing including:-</p> <ul style="list-style-type: none"> • Ensuring the authority complies with fair processing guidelines required to submit data into the exercise in accordance with timescales so as to be compliant with GDPR • Supports service areas in extracting the data from core systems in the required specification in accordance with timescales • Upload the data securely onto the Cabinet Office NFI portal and in accordance with timescales • Liaise with service areas when the datamatches are released back to authority in January 2019 to ensure that action is commenced promptly on those matches that are deemed to be high risk 	Q2-4	<p>National Fraud Initiative co-ordination task on target</p> <p>All service areas contributing data had compliant privacy notices in place allowing the authorities' key contact to complete the GDPR fair processing compliance certification on time.</p> <p>All required data was extracted from core systems on time</p> <p>All required data was uploaded securely via the Cabinet Office portal on time</p> <p>Due to take place in Q4 and into 2019/20 where progress will be tracked via the 2019/20 fraud plan</p>

7.	<p>Corporate anti-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"> • Embed fraud E-learning to existing 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 review and refresh • Issuing management reports detailing investigation outcomes and recommendations for improving fraud risk controls are implemented if agreed according to risk (KPI5) 	<p>Q1-4</p> <p>Q1-4</p> <p>Q1-4</p> <p>Q1-4</p> <p>Q2</p> <p>Q1-4</p>	<p>Corporate anti-fraud awareness work stream partially achieved</p> <p>The e-learning package is now stable in the learning pod platform and an awareness campaign is to commence in Q4 and into 2019/20 with the support of the Learning & Development Team including fortnightly emails to managers, weekly mentions in Newsletters and the course will be placed on the L&D homepage.</p> <p>CAFT & Internal Audit attended the <i>New Members Market Place</i> event on 14/05/18 to raise awareness of both fraud and Internal Audit roles. Fraud awareness training for members will be explored in 2019/20.</p> <p>The task has not started yet due to vacancies on the team impacting capacity. The task will be considered for carry forward to the 2019/20 plan.</p> <p>No fraud articles featured in the Chief Executive Newsletters to date.</p> <p>Web and hub pages were refreshed in Q2. E-fraud referral forms will be updated in Q4</p> <p>In total, 5 fraud risk recommendations have been made to management and all 5 have been agreed for implementation.</p> <p>KPI5 target 60%, achieved 100% (5/5) at the mid-year point.</p>
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	<ul style="list-style-type: none"> • Deliver fraud risk workshops/CAFT attendance at team meetings for high fraud risks areas • Publicity through all forms of media on successful fraud cases, fraud initiatives and related prosecution outcomes • Design and delivery of an anti-fraud week to raise awareness internally and within the community 	<p>Q1-4</p> <p>Q1-4</p> <p>Q3</p>	<p>A programme of interactive fraud awareness workshops was designed for staff in Housing Needs and Adult Social Care (long term care) and delivery commenced at the end of Q2. See Q3 update in main report</p> <ul style="list-style-type: none"> • Harrow People Spring & Summer editions 2018 ran a graphic and figures around Housing fraud and the results that the authority had achieved in combatting it during 17/18. • Fraud results for 17/18 appeared in Housing Services <i>Smarter Housing Plan 2018-19</i> published in May 2018. • An anti housing fraud pull up banner has been placed in Access Harrow Reception in Q1 & Q2, encouraging customers to report anyone they suspect of committing housing fraud against the authority. • A Council press release was issued in August 2018 (including social media) in relation to a former employee of the Council who was successfully prosecuted and imprisoned for 3 years in August 2018 for defrauding the authority out of £100,000. The case received other local media coverage. <p>The task has not started yet due to vacancies on the team impacting capacity. The task will be considered for carry forward to the 2019/20 plan.</p>
8.	<p>Fraud liaison</p> <p>Explore, 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 Chartered Institute of Public Finance and Accountancy (CIPFA) and the proposed London Counter Fraud Hub</p>	<p>Q1-4</p>	<p>Fraud liaison work stream 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 up to date 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 essential to current investigation work.</p> <p>The authority continues to work with CIPFA and explore the proposed London Counter Fraud Hub and remains open to joining providing that the business case on the benefits and return on investment is cost effective right for the authority</p>

9.	<p>Internal datamatching</p> <p>Design and deliver an anti-fraud campaign using the iDIS data matching tool for the purposes of detecting, preventing and pursuing fraud and corruption</p>	Q2	<p>Internal datamatching task not achieved</p> <p>The task has not started yet due to vacancies on the team impacting capacity. The task will be considered for carry forward to the 2019/20 plan.</p>
<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</p>			
10	<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 12 social housing units subject to fraud & misuse (KPI1) 	<p>Q1-4</p> <p>Q1-4</p>	<p>Housing fraud work stream partially achieved</p> <p>Tenancy recoveries task on target</p> <p>Working in partnership with Housing Resident Services and Harrow's Registered Social Landlords (RSLs), 5 social housing tenancies have been recovered to date resulting in notional fraud savings to the authority of £465,000.¹ In addition to this, there has been 1 positive outcome where a fraudulent succession was intercepted resulting in further savings of £93,000 and possession is now being sought by Housing in this case.</p> <p>KPI1 target 12, achieved 5 at the mid-year point (42% complete). Progress towards this target is not evenly distributed across the year as fraud investigation activity and associated outcomes can be irregular. See Q3 update in main report.</p> <p>At the mid-year point in the team has received 17 housing tenancy referrals inc those relating to RSL properties and at present has a caseload of 43 live tenancy investigations (including RSL cases) at various stages of investigation (a number of cases carried over from 17/18).</p> <p>Savings subtotal achieved £558,000</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](#)

<ul style="list-style-type: none"> Prevent housing application fraud through a proactive fraud risk based targeted review of those customers in emergency accommodation 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 (KPI2) Prevent mutual exchange, succession and assignment fraud through targeted application validation and working with the service area 	<p>Q2</p> <p>Q1-4</p> <p>Q1-4</p>	<p>Housing Applications work stream – proactive exercise not commenced due to vacancies on the team causing a lack of capacity</p> <p>A total of 13 housing application referrals have been received at the mid-year point and 2 applications have been intercepted for customers providing false or misleading information in support of the application resulting in notional savings of £54,000.</p> <p>At present, 19 cases are live under investigation (a number of cases carried over from 17/18).</p> <p>Savings subtotal achieved £54,000²</p> <p>RTB applications work stream exceeded at mid-year</p> <p>Working in partnerships with Leasehold Services, HB Public Law Services and Housing Management, 4 RTB applications were intercepted saving the authority £419,600 in terms of purchase discount losses prevented.³</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, the mortgage offer being withdrawn. 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 and referring cases where appropriate to the National Crime Agency (NCA).</p> <p>The team has received 11 RTB referrals to date and currently there are 11 cases currently under investigation (some carried forward from previous year).</p> <p>KPI2 target 90%, achieved 100% at the mid-year point</p> <p>Savings subtotal achieved £419,600</p> <p>Mutual Exchange/Succession work stream on target</p> <p>1 application by an individual to succeed to a tenancy was investigated by CAFT which resulted in housing rejecting it and possession is now being sought by housing via HB Public Law (see tenancy recoveries above)</p> <p>1 succession referral has been received by CAFT and that case is still under investigation</p>
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² Notional savings amount based on the size of the property they would have been allocated had they been successful.

³ Maximum RTB discount is currently £104,900 off the property purchase price.

	<ul style="list-style-type: none"> • Work with Housing and Communications to run a housing fraud centric publicity campaign to raise awareness internally and the community including a key 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>Q1-4</p> <p>Q1-4</p>	<p>Housing fraud centric publicity campaign on target A housing fraud pull up banner was placed in Access Harrow Reception since April 2018 encouraging members of the public to report tenancy fraud and a number of housing fraud adverts have appeared in Harrow People and Homing In magazines (see fraud awareness section above).</p> <p>PoSHFA 2013 Powers work stream on target The authority has utilised powers contained within the above act through requests to the National Anti Fraud Network (NAFN) on 9 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 £1,031,600</p>
11	<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>Internal fraud & corruption work stream exceeded at mid-year</p> <p>The team has received 4 referrals and currently has 5 live investigations. Of the 4 referrals received, 4 were risk assessed and resources allocated within 5 working days.</p> <p>KPI3 target 80%, achieved 100% at mid-year.</p> <p>There have been 3 positive outcomes to date this year.</p> <p>Employee 1 was dismissed during 2017/18 as a result of fraud and corruption investigations. 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 successfully prosecuted in August 2018 and sentenced to 3 years imprisonment. Court costs of £22,000 were also awarded to the authority. There is a current proceeds of crime act (POCA) investigation into the recovery of losses amounting to £113,628.00.</p> <p>Employee 2 was arrested in April 2018 and dismissed in June 2018 following misuse of company purchase cards resulting in salary savings of £19,890. The matter is still live under investigation by the Metropolitan Police and the CAFT is supporting the the investigation.</p> <p>Employee 3 was dismissed in September 2018 following an investigation into misuse</p>

			<p>of Council equipment resulting in salary savings of £22,734. This investigation is still live.</p> <p>Overall fraud savings attributed to this work stream is £178,250</p>
12	<p>Revenues/Business Rates/Council Tax Support fraud</p> <p>Work in partnership with Revenues and Benefits to investigate allegations of fraud and abuse on a risk basis 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>Revenues/Business Rates/Council Tax Support work stream on target</p> <p>The team has received 7 referrals of Council Tax discount fraud, CTRS fraud and NNDR fraud of which there are currently 11 live cases under investigation. There has been no fraud identified to date</p>
13	<p>Social care fraud</p> <p>Work in partnership with the People Directorate to investigate allegation of fraud and abuse of the social care system including but not limited to:-</p> <ul style="list-style-type: none"> • Personal budget applications, assessment and monitoring of spend • A proactive fraud risk based exercise in relation to those individuals being financially supported in long term residential care 	Q1-4	<p>Social care fraud work stream on target</p> <p>There has been 1 positive outcome involving a social care case involving an individual placed in a residential care home that was failing to fully engage with the financial assessment team, therefore the authority was funding the care. The investigation established that the client's representative had not fully declared their financial circumstances as part of the financial assessment and once this was established, it enabled the authority to make the client a self-funder and recover the fees that the authority had paid out for care. This saved the authority £24,360 in retrospective charges and future costs of £21,000 per year.</p> <p>The team received 4 referrals at mid-year which all are currently live investigations.</p> <p>A proactive fraud risk based exercise in relation to residential care financial assessments is commencing in Q4.</p> <p>Overall fraud savings attributed to this work stream is £24,360</p>
14	<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>Partnership working work stream on target</p> <p>The team continues to respond to requests for information from other law enforcement agencies to support their work.</p>

15	<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. (KPI4)</p>	Q1-4	<p>Risk assess allegations of fraud and corruption work stream exceeded</p> <p>Of the 93 referrals received in Q1 & Q2, 78 (84%) were risk assessed and resources deployed to those cases accepted for investigation within 10 working days.</p> <p>KPI4 target 80%, achieved 84% at mid-year</p>
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Work undertaken outside of the Plan

	<p>Support the Concessionary Travel Team in the enforcement of the disabled parking blue badge scheme</p> <p>Provide advice, administrative support and to act as the single point of contact between the Blue Badge Fraud Investigation Service (BBFI) and the authority in blue badge enforcement work in the borough.</p>	Q1-4	<p>Support the Concessionary Travel Team in the enforcement of the blue badge scheme</p> <p>A decision was taken by the Head of Revenues and Benefits (also responsible for blue badge administration) to commence a 6 month pilot of blue badge enforcement work undertaken by a contractor, Blue Badge Fraud Investigation (BBFI) commencing in January 2018. Blue badge fraud risks, whilst potentially high in occurrence, did not feature as a significant fraud risk for the CAFT to make it onto the annual fraud plan.</p> <p>The CAFT therefore acted as the single point of contact for the authority and provided support to the BBFI, particularly around processing prosecution bundles and instructing HB Public Law. Due to the long lead in time of prosecution work, the pilot was extended for a further 6 months in June 2018.</p> <p>At the mid way point of the year, this work stream has achieved 10 successful prosecutions for blue badge misuse resulting in a notional saving to the authority of £5,000 (£500 per prosecution), £1,710 in court fines and £2,435 in court costs awarded to the authority.</p> <p>In all 35 fraud referrals have been received at the mid-year point.</p> <p>Overall fraud savings attributed to this work stream is £9,145</p>
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No.	CAFT Key Performance Indicators 2018/19	Target	Mid-year progress
1.	Recovery of 12 social housing units subject to fraud and misuse	50%	42% (5/12)
2.	Fraud validation checks undertaken on Right to Buy applications referred to the CAFT at offer stage and before completion	90%	100% (11/11)
3.	Internal fraud and corruption referrals risk assessed and resources deployed in 5 working days	80%	100% (4/4)
4.	Fraud and corruption referrals risk assessed and resources deployed in 10 working days	80%	84% (78/93)
5.	Fraud risk recommendations agreed for implementation ⁴	60%	5/5 (100%)

Analysis of results

Of the 5 Key Performance Indicators, 4 are being exceeded at the mid-year point and 1 is 8% below target.

1. This indicator is 8% below target. 5 (42%) social housing units subject to fraud and abuse have been recovered at the mid-year point. Progress towards this target is not evenly distributed across the year as fraud investigation activity and associated outcomes are irregular. The partnership with Housing Resident Services and other RSL's has to date resulted in the recovery of 5 properties out of a target of 12 at the mid-year point with 1 recovery for Harrow Churches Housing Association included in this total. In addition to this a successfully intercepted succession application was achieved, for which possession is now being sought via the courts by housing. A further 6 properties have been recovered in Q3 at the time of report writing making a total of 11 (91%), although a further recovery was made for the Home Group Housing Association.⁵

⁴ New KPI for 18/19

⁵ CAFT investigation work for RSL's is carried out cost free as once recovery is achieved, the nomination for the new tenant is made from the Council's waiting list so there is a notional saving for the authority to remove someone off the waiting list potentially in bed and breakfast or temporary accommodation.

2. This indicator is being exceeded. Of the 11 Right to Buy applications received by the team in the first part of the year, all 11 (100%) have been fraud checked prior to purchase or are undergoing checks before a decision is made to accept or reject the application.
3. This indicator is being exceeded. Of the 4 internal fraud and corruption referrals received by the team in the first part of the year, all 4 (100%) have been risk assessed and resources deployed within 5 working days.
4. This indicator is being exceeded. Of the 93 referrals received by the team in the first part of the year, 78 (84%) have been risk assessed and resources deployed within 10 working days.
5. This indicator is being exceeded. Of the 5 fraud risk recommendations made, 5 (100%) have agreed for implementation