

**Corporate Anti-Fraud Team Mid-Year Report and
Quarter 3 update – 2019-20**

CONTENTS:

Introduction

Summary of outputs

Progress against the Plan

Performance of Anti-Fraud Team

Fraud referrals, outputs and savings summary

Introduction

This report outlines the corporate anti-fraud work carried out up to the mid-year point for 2019-20 and an update on Q3 activity. The plan is risk based and developed through consultation internally and drawing upon external sources of data to ensure that where possible best practice is followed (see CIPFA Fraud Code Self-Assessment below) and fraud resources are targeted at those areas of the authority deemed to be of highest risk to fraud with the greatest potential negative financial impact and/or reputational damage. The plan is approved by the Governance, Audit, Risk Management & Standards Committee (GARMS) annually and mid-year and year end progress reports provided against the plan to provide a level of assurance around the authorities' fraud risk resilience capability.

Summary of outputs

A summary of key outputs from the programme of corporate anti-fraud work for the year is recorded in the table below. Of the 17 work streams contained within the plan, 1 (6%) has been achieved, 4 (24%) have not yet commenced and 12 (71%) have commenced and are ongoing. 4 (80%) out of the 5 key performance indicators are being achieved with 1 (20%) ongoing.

	Fraud work stream	2019-20 Mid Year progress and Quarter 3 update
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>	<p>Objective not yet commenced Planned for Q4</p>
2.	<p>CIPFA Fraud Code Self-Assessment</p> <p>Undertake an annual self-assessment against the CIPFA Code of Managing the Risk of Fraud & Corruption</p>	<p>Objective achieved for 2019-20 The authority has achieved a 78% compliance which is a 'good' level of compliance with the code which remains unchanged from 2018/19.</p>
3	<p>Corporate fraud risk register</p> <p>Review and facilitate the updating of the fraud risk register annually where significant fraud and corruption risks are identified, mitigated and monitored</p>	<p>Objective not yet commenced Planned for Q4</p>
4	<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. Timing of the review will depend on the completed review/refresh of the Fighting Fraud & Corruption Locally Strategy that is being undertaken in 2019/20 by the FFCL Board</p>	<p>Objective not yet commenced Task planned for Q4 to be aligned with the review of the Counter Fraud and Corruption Strategy for Local Government. The Fighting Fraud & Corruption Locally Strategy Board (FFCL) are at present reviewing the strategy for Local Government and therefore, it would be reasonable to await the strategy refresh before amending the authorities' strategy to ensure it remains closely aligned. This maybe pushed to into the fraud plan for 2020-21.</p>

	Fraud work stream	2019-20 Mid Year progress and Quarter 3 update
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>	<p>Objective not yet commenced Planned for Q4</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"> • Supporting service areas to ensure matches are processed in a timely manner and that suspected fraud is referred for investigation • Processing matches which are the responsibility of the CAFT (Housing & RTB matches) • Investigate potential fraud cases referred and recommend sanction and/or corrective action on cases as appropriate 	<p>Objective ongoing</p> <p>CAFT's main role in this objective is to provide advice and support to Services processing their matches. This is being delivered and an officer is meeting periodically with services to review progress.</p> <p>CAFT are responsible for both housing tenancy and Right to Buy matches and have processed 100%. No fraud has been detected to date.</p> <p>There have been 11 NFI fraud referrals made to the CAFT since April 2019, 4 have been closed no further action, 2 were closed as positive outcomes (CTRS cases) and 5 cases are still under investigation</p> <p>Overall cumulative fraud savings attributed to this work stream is £894,857.34</p>

	Fraud work stream	2019-20 Mid Year progress and Quarter 3 update
7.	<p>London Counter Fraud Hub (LCFH)</p> <p>Explore the membership of the London Counter Fraud Hub (LCFH) which may result in the authority participating in a pan London data matching exercise focusing on Council Tax Single Person Discount, Business rates and Housing Tenancy fraud.</p>	<p>Objective ongoing</p> <p>LCFH has stalled due to legal issues and an update was received from CIPFA at the end of Q3 with a new proposal now rebranded as the CIPFA Counter Fraud Hub (CCFH). This will need to be carefully considered by the authority before any decision made on joining the hub. A paper will be presented to CSB in February 2020 on the merits of joining the project and further information will be provided in the year end report</p>
8.	<p>Participate in a Cifas 6 month pilot membership</p> <p>Join a 6 month pilot membership of Cifas which is the UK's leading fraud prevention service that facilitates the sharing of fraud data for the prevention and detection of crime across the public, private and third sectors.</p>	<p>Objective ongoing</p> <p>Cifas is a not for profit organisation run for members to securely exchange information about known frauds affecting their business to enable other members to protect themselves from fraud and corruption. Membership of Cifas allows organisations to both file frauds that reach an evidence threshold and to search the database at any time during a customer relationship to see if they are known to other members as fraudsters.</p> <p>The pilot was launched in April 2019 and whilst accessing Cifas data has undoubtedly added value to the CAFT investigations in terms of intelligence gathering, there have been some challenges around sharing data and ensuring that data subjects are made aware that the authority is working with Cifas. The CAFT privacy notice was updated in April 2019 to reflect the pilot and correspondence to customers (requesting information and invites to attend interviews) updated in May 2019. Existing investigations that were live in April 2019 and carried forward from the previous year, were disregarded from being searched or being able to be filed as fraud on the basis that the pilot had not commenced.</p> <p>The CAFT is at present using the Cifas database to sift all cases that are referred for investigation (reactive) but the intention is to use the database more proactively and a) batch match sets of data on a risk basis to target areas of high fraud risk and b) to expand the access to Cifas to other services in the authority. Discussions are well advanced with both Insurance and Procurement and work to update their privacy notices is progressing well. It is envisaged that this work will be built into the 2020/21 plan.</p> <p>Given the long lead in time and nature of fraud investigation work, a decision was made by the pilot authorities and Cifas that the initial pilot period would be extended to September 2020 to allow a greater opportunity of casework throughput and for positive outcomes to be identified.</p>
9.	<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</p>	<p>Objective ongoing</p>

	<p>social media including the following actions:-</p> <ul style="list-style-type: none"> • Embed fraud E-learning to existing employees • Chief Executive Newsletters and general internal communications bulletins in relation to articles on fraud and corruption • Issuing management reports detailing investigation outcomes and recommendations for improving fraud risk controls are implemented if agreed according to risk (KPI5) • Deliver fraud workshops/CAFT attendance at team meetings for high fraud risk areas as appropriate • Publicity through all forms of media on successful fraud cases, fraud initiatives and related prosecution outcomes 	<p>E-learning The fraud e-learning package has been undertaken by 44 employees since April 2019. Further promotion work with Communications and the Learning & Development Team will be carried out in Q4 and into 2020/21 to encourage employees to undertake the training.</p> <p>Management reports and briefing notes In total, 16 fraud risk recommendations contained within investigation reports and briefing notes have been made to management with 15 being agreed for implementation. KPI5 target 70%, achieving 94% (15/16) at the mid-year point.</p> <p>Publicity Harrow Council featured in an article about Single Person Discount fraud in September 2019</p>
10.	<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>Objective ongoing</p> <p>The authority 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 and right for the authority</p> <p>The authority joined Cifas in April 2019. See section 8 above.</p>

	Fraud work stream	2019-20 Mid Year progress and Quarter 3 update
11.	<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>	<p>Objective ongoing</p> <p>The housing tenancy fraud datamatch against credit data was commenced in Q3 and the matches returned are now being sifted and sampled by officers on a risk basis. It is hoped that the bulk of the sifting will be complete by year end and that a small number of high risk matches will remain for further investigation. Given its infancy, greater detail will be provided in the year-end report.</p>
12.	<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 10 social housing units subject to fraud & misuse (KPI1) • Prevent housing application fraud through a proactive fraud risk based targeted review of those customers in emergency accommodation (placed outside of the borough) • 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) • 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>Objective ongoing</p> <p>Tenancy recoveries Working in partnership with Housing Resident Services and Harrow's Registered Social Landlords (RSLs), 5 social housing tenancies were recovered resulting in notional fraud savings of £465,000. Recoveries and rooting out tenancy fraud is becoming more difficult as the stock reduces (through RTB) and those subletting their properties are becoming more aware of investigation techniques.</p> <p>KPI1 target 10, achieved 5 (50%) up to the end of Q3</p> <p>Savings subtotal achieved £465,000</p> <p>Housing Applications proactive exercise due to commence in Q4.</p> <p>A total of 13 housing application referrals have been received by the team during the year at the mid-year point and 1 fraud has been detected to date where an application was rejected.</p> <p>Savings subtotal achieved £72,000</p> <p>RTB work stream on target Working in partnerships with Leasehold Services, HB Public Law Services and Housing Management, 6 RTB applications were intercepted saving the authority £658,000 in terms of purchase discount losses prevented. In all 25 applications have been or are in the process of being fraud checked.</p> <p>These outcomes are 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>KPI2 target 90%, achieving 100% at the mid-year point</p> <p>Savings subtotal achieved £658,000</p> <p>PoSHFA 2013 Powers work stream on target The authority has utilised powers contained within the above act</p>

		<p>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 held by the banks on individuals on cases of suspected tenancy sub-let, RTB and housing applications where there is doubt over the accuracy of the subject's account of events</p> <p>Overall fraud savings attributed to this work stream is £1,195,000</p>
--	--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	Fraud work stream	2019-20 Mid Year progress and Quarter 3 update
13	<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 working days of receipt of the information (KPI3).</p>	<p>Objective ongoing</p> <p>Of the 8 internal fraud referrals received, 7 were risk assessed and resources allocated in 5 working days.</p> <p>KPI3 target 80%, achieving 87.5%.</p> <p>There have been 2 positive outcome during the year.</p> <p>An employee was arrested in April 2018 and dismissed in June 2018 following misuse of a company purchase card resulting in salary savings of £19,890. This was reported previously to the Committee. On 16th July 2019, they were convicted at Willesden Magistrates Court of fraud amounting to £494.42 and sentenced to 200 hours of unpaid work to be complete within 12 months and a compensation order to repay the full loss amount to the authority.</p> <p>A former employee prosecuted for defrauding the housing benefit system in August 2018 had their Proceeds of Crime Act application heard on 3rd December 2019 where an order was made against them for £75,000 and this has to be repaid within 3 months or a further 18 month prison sentence will follow. The savings / losses were already accounted for. If the £75,000 is recovered this will be updated in the year-end report</p> <p>Overall fraud savings attributed to this work stream is £494.42 plus £80 costs</p>
14	<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>	<p>Objective ongoing</p> <p>The team received 7 referrals of Council Tax discount/exemption fraud, CTRS fraud and NNDR fraud. There have been 13 positive outcomes during the year primarily identified from linked tenancy fraud investigations where the tenant was in receipt of a benefit/exemption/reduction but no longer occupied the address as their principle home.</p> <p>CTRS/CTB overpayments £21,871.67 HB overpayments £121,245.77</p> <p>Overall fraud savings attributed to this work stream is £143,117.44</p>
15	<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 	<p>Objective ongoing</p> <p>There have been 5 positive outcomes involving social care cases; 2 involving residential care, 2 involving personal budget cases and 1 case involving a No Recourse to Public Funds (NRPF) case.</p> <p>A personal budget investigation uncovered false documentation that an individual had submitted to continue to receive care for their son, but the reality was that the care was not taking place. The investigation is still continuing but a reassessment of the applicant has resulted in the individual being invoiced for in</p>

	<p>exercise in relation to those individuals being financially supported in long term residential care</p>	<p>excess of £100,000. A decision on further punitive action will be taken in due course. In the other case, the personal budget was being misused by an individual and funds spent on items outside of the agreed care plan. There is an overpayment in excess of £17,000 on this case.</p> <p>The proactive fraud risk based exercise in relation to residential care financial assessments commenced in Q4 of 2018/19 continued in 2019/20 and of the 20 cases reviewed, 2 are currently live under investigation with suspicions that the applicant / representative have failed to disclose capital/assets impacting the financial assessment. The other long term residential care case is a historical investigation where a family member deliberately deprived the applicant of capital which would have impacted the financial assessment and this case is currently in the court system. The overpayment of care fees in this case is in excess of £100,000.</p> <p>1 NRPF case was investigated where the applicant had failed to disclose to the authority that their immigration status had changed so continued to receive financial support from the authority whilst claiming state benefit too. This resulted in an overpayment of £2,626.</p> <p>Overall fraud savings attributed to this work stream is £248,326.12</p>
16	<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>	<p>Objective ongoing</p> <p>The team handled many requests for information from other law enforcement agencies to support their work and have maintained a positive working relationship with the Department for Work & Pensions, the Metropolitan Police and other forces in the UK, the UK Border Agency, Registered Social Landlords and other Local Authorities.</p>
17	<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>	<p>Objective ongoing</p> <p>Of the 99 referrals received during the year, 96 (97%) were risk assessed and resources deployed to those cases accepted for investigation within 10 working days.</p> <p>KPI4 target 80%, achieving 96%</p>

Performance of Corporate Anti-Fraud Team

Introduction

A number of Key Performance Indicators (KPIs) were agreed as part of the 2019-20 Corporate Anti-Fraud Plan and performance against these is set out in the table below:

No.	CAFT Key Performance Indicators 2019-20	Target	Mid-year inc Q3	Year-end	Comments
1.	Recovery of 10 social housing units subject to fraud and misuse	100%	50% (5/10)		Ongoing 5 (50%) social housing units have been recovered. The nature of recoveries is that they are inconsistent and there is no regular pattern.
2.	Fraud validation checks undertaken on Right to Buy applications referred to the CAFT at offer stage and before completion	90%	100% (25/25)		Achieving and on target 25 Right to Buy applications received by the team during in the year all (100%) had anti money laundering checks carried out before purchase or were in progress before a decision made to accept or deny the purchase.
3.	Internal fraud and corruption referrals risk assessed and resources deployed in 5 working days	80%	87.5% (7/8)		Achieving and on target Of the 8 internal fraud and corruption referrals received by the team, 7 (87.5%) were risk assessed and resources deployed within 5 working days
4.	Fraud and corruption referrals risk assessed and resources deployed in 10 working days	80%	97% (96/99)		Achieving and on target Of the 99 referrals received by the team during the year, 96 (96%) were risk assessed and resources deployed within 10 working days.
5.	Fraud risk recommendations agreed for implementation	70%	94% (15/16)		Achieving and on target Of the 16 fraud risk recommendations made by the team in reports and briefing notes, 15 (94%) were agreed for implementation by management

Fraud referrals, outputs and savings summary

Fraud Risk Area	2019-20 Q1-3
Housing application fraud Referrals Positive outputs Savings	13 1 £72,000 (1 application rejected)
Blue badge Referrals Positive outputs Savings	14 1 (successful prosecution) £980 (£500 notional outcome, £250 court costs, £200 fine and £30 victim surcharge)
Fraud other Referrals Positive outputs Savings	3 0 0
No Recourse to Public Funds Referrals Positive outputs Savings	2 1 £2,626
Revenues/CT/CTRS/HB Referrals Positive outputs Savings	7 13 (linked housing fraud investigations that impact benefit entitlement) £143,117.44
Internal Referrals Positive outputs Savings	8 2 (successful prosecution of former employee for purchase card misuse and a Proceeds of Crime Act order). See workstream 13 for explanation £579.42
Right to Buy Referrals Positive outputs Savings	25 6 £658,000 (6 x RTB applications rejected)
Social care/grants Referrals Positive outputs Savings	7 4 £248,326.12 (2 x residential care cases, 2 x personal budget cases)
Tenancy Referrals Positive outputs Savings	28 5 £465,000 (5 x tenancies recovered)

NFI Positive outputs Savings	379 £894,857.34 (This is a running total also reported in year-end report 2018/19) ¹
Totals	
Referrals Positive outputs Fraud Savings	107 412 (inc NFI cases) £2,485,486.32 ²

2019-20 Mid-Year and Quarter 3 Financial Summary

The level of fraud and corruption identified impacting the authority for 2019-20 up to the end of Q3 is just under £2.5 million which represents an approximate return on investment for the team's running costs of just over 10:1.

¹ Figures taken from Cabinet Office website where NFI matches are held. The exercise is live for a period of 2 years from data extraction and upload through to match processing and investigation conclusion. The cumulative totals are reported by the Cabinet Office for each Local Authority

² Total fraud savings include cumulative NFI figures from Cabinet Office website