

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

**2020/21**

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# Introduction

This report outlines the corporate anti-fraud work carried out up to the mid-year point for 2020-21 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 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/Progress against the plan

A summary of key outputs from the programme of corporate anti-fraud work for the year is recorded in the table below. Of the 14 work streams contained within the plan, 10 (71%) have commenced and 4 (29%) have not yet commenced. 4 (80%) out of the 5 key performance indicators are being achieved and on target with 1 not being achieved (20%).

### Key Outputs at Mid-Year & Quarter 3

	Fraud work stream	Detail
1	<b>Corporate fraud risk assessment</b>  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	<b>Objective not yet commenced</b> Scheduled for Q4 as part of the development of the anti-fraud plan for 2021/22
2	<b>Corporate fraud risk register</b>  Review and facilitate the updating of the fraud risk register annually where significant fraud and corruption risks are identified, mitigated and monitored	<b>Objective not yet commenced</b> Scheduled for Q4 as part of the development of the anti-fraud plan for 2021/22
3	<b>Corporate Anti-Fraud &amp; Corruption Strategy</b>  Review the Corporate Anti-Fraud & Corruption Strategy 2016-19 following the publication of Fighting Fraud & Corruption Locally Strategy 2020, including the drafting of any action plan to address any areas of improvement contained within the local response checklist section	<b>Objective not yet commenced</b> Scheduled for Q4

	<b>Fraud work stream</b>	<b>Detail</b>
4.	<p><b>Establish a fraud loss methodology</b></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><b>Objective commenced</b></p> <p>A methodology has been drafted and this is now being fine tuned by consulting with other local authorities facing comparable fraud risks.</p>
5.	<p><b>National Fraud Initiative co-ordination role</b></p> <p>Co-ordination of the 2020/21 National Fraud Initiative (NFI) data match processing including: -</p> <ul style="list-style-type: none"> <li>• Ensuring all relevant service area privacy notices are up to date and follow best practice</li> <li>• Liaison with service leads to ensure data can be provided and in accordance with the relevant data specification</li> <li>• Ensure relevant data is extracted from legacy systems and handed to the CAFT for upload to the NFI website in accordance with the project deadline</li> <li>• Act as liaison and as a support role for service areas during the project</li> </ul>	<p><b>Objective commenced</b></p> <p>All required data set privacy notices were reviewed and met the required standard for the National Fraud Initiative exercise.</p> <p>All required data was obtained from service areas in the correct specification and support provided to those areas where some adjustments were required.</p> <p>All required data was extracted from systems and successfully uploaded to the NFI website ahead of the deadline, with minimal data queries received back from the Cabinet Office.</p> <p>The matched data is expected back into the authority at the end of January 2021 and once received CAFT will support service areas to process their data and also pick up any referrals passed</p>
6.	<p><b>Cifas Pilot Membership project</b></p> <p>Pilot membership of Cifas has been extended to March 2021. Cifas 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>A Cifas proactive datamatch project involving housing tenants will be undertaken to identify tenancy fraud/misuse and potential subletting.</p>	<p><b>Objective commenced</b></p> <p>The design of the housing fraud drive is now at an advanced stage with recent tenancy data made available for the project and the specification for the upload being met.</p> <p>Confirmation of the security measures required to protect the council's data being shared with third parties from the Data Protection Officer is now being sought and once this has been signed off, the data will be matched and the results sifted by the team in fraud risk priority and investigations launched for those matches that pose the highest risk.</p>

	Fraud work stream	Detail
7.	<p><b>Corporate anti-fraud awareness</b></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"> <li>• Launch a campaign to increase employee participation of the fraud e-learning course in the learning pod</li> <li>• General internal communications bulletins in relation to articles on fraud and corruption</li> <li>• Issuing management reports detailing investigation outcomes and recommendations for improving fraud risk controls are implemented if agreed according to risk (KPI5)</li> <li>• Deliver virtual fraud workshops for high risk fraud areas as determined by the outcomes of the fraud risk register</li> <li>• Publicly through all forms of media on successful fraud cases, fraud initiatives and related prosecution outcomes</li> </ul>	<p><b>Objective commenced</b></p> <p><b>Fraud e-learning</b> The e-learning package has been refreshed by working with the provider to reflect current fraud risks faced by Local Authorities, in light of the Covid-19 grant funding and the best practice updated in the Fighting Fraud &amp; Corruption Locally Strategy 2020. A campaign to relaunch the package will commence in Q4 and will continue into 2021/22.</p> <p><b>Internal Communications</b> Covid-19 grant fraud alerts received from NAFN and Cifas have been shared frequently with Revenues.</p> <p><b>Management reports and briefing notes</b> In total, 5 fraud risk recommendations contained within investigation reports and briefing notes have been made to management with 5 being agreed for implementation. <b>KPI5 target 80%, achieving 100% (5/5)</b></p> <p><b>Workshops</b> No workshops have been delivered given the disruption of Covid-19 and the team adapting to the different ways of working.</p> <p><b>Publicity</b> No publicity has been carried out this year.</p>
8.	<p><b>Fraud liaison</b></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 Cifas</p>	<p><b>Objective commenced</b></p> <p>The authority continued its membership of the National Anti Fraud Network (NAFN) for its essential role in intelligence and evidence gathering and the London Borough of Fraud Investigators Group (LBFIG). NAFN is an essential service for accessing 3<sup>rd</sup> party information sources which is vital for supporting investigation work.</p> <p>Officers in the team have also attended a number of virtual Counter Fraud training events during the year particularly in relation to conducting socially distanced investigations which is vitally important given the Covid-19 restrictions.</p> <p>Established partnerships with the Immigration Enforcement Department, HMRC, the Home Office, the Metropolitan Police and other enforcement agencies continue to prove essential to investigative work.</p> <p>The pilot relationship with Cifas is continuing to the end of March 2021 where a decision will be made on whether the authority will seek permanent membership.</p>

	Fraud work stream	Detail
9.	<p><b>Housing fraud</b></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"> <li>• Seek to recover a combined total of 10 social housing units and disrupt/intercept fraudulent Right to Buy applications (KPI1).</li> <li>• Prevent housing application fraud through a partnership approach with Housing Needs providing fraud risk advice, support and the investigations of allegations of fraud.</li> <li>• Prevent fraudulent Right to Buy (RTB) applications through targeted application validation with a fraud check on at least 90% applications referred to the CAFT at offer stage and before completion (KPI2).</li> <li>• 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</li> <li>• Plan and implement a proactive anti-fraud datamatching exercise to identify the misuse of Council social housing units (see Cifas section above)</li> </ul>	<p><b>Objective commenced</b></p> <p><b>Tenancy recoveries &amp; Right to Buy applications disrupted/intercepted work stream</b> Working in partnership with Housing Resident Services, Harrow's Registered Social Landlords (RSLs), Leasehold Services and HB Public Law, 1 social housing tenancy was recovered and 2 Right to Buys were intercepted. A total of <b>KPI1 target 5 (mid year), achieved 2 (40%)</b></p> <p><b>RTB work stream</b> Out of a total of 12 Right to Buy applications received by the team, all 12 Right to Buy applications have been checked or are in the process of being fraud checked before purchase or the application determined (denied). <b>KPI2 target 90%, achieving 100%</b></p> <p><b>Housing Applications work stream</b> A total of 7 housing application referrals have been received by the team during the year at the mid-year point and no fraud has been detected to date where an application was rejected.</p> <p><b>PoSHFA 2013 Powers work stream</b> The authority has utilised powers contained within the above act through requests to the National Anti Fraud Network (NAFN) on 17 occasions this year. 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><b>Proactive Drive</b> Preparation work of a proactive drive involving analysis of key fob usage (to identify properties with unusual entry activity) in some social housing blocks has commenced in Q3 and will be launched in Q4.</p> <p>Also see the Cifas work stream at 6 above.</p> <p><b>Overall fraud savings attributed to the housing fraud work stream is £221,000.</b></p>

	<b>Fraud work stream</b>	<b>Detail</b>
10.	<p><b>Covid-19 Business Grants</b></p> <p>Work jointly with Internal Audit to undertake a review of the Small Business Grants Fund, the Retail, Hospitality &amp; Leisure Grants Fund and the Discretionary Grants Fund launched by the Department for Business, Energy and Industrial Strategy (BEIS) and implemented by the authority to provide financial assistance to local businesses in Harrow. This work may identify suspected fraud cases which will be investigated fully and steps taken to recover any losses identified</p>	<p><b>Objective not yet commenced</b></p> <p>A joint piece of work with Internal Audit is scheduled to commence in Q4 looking at a sample of the successful Covid-19 grant applications from earlier in the year to ensure that they were paid correctly.</p>
11.	<p><b>Internal fraud &amp; corruption</b></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><b>Objective commenced</b></p> <p>Of the 2 internal fraud referrals received, both (100%) were risk assessed and resources allocated in 5 working days.</p> <p><b>KPI3 target 80%, achieving 100%.</b></p> <p>There has been 1 positive outcome during the year where following an NFI datamatch, an employee was found to be working for the authority and also working additional hours for another authority in excess of the working time directive. The employee was subject to a management disciplinary investigation for failure to declare the additional work but resigned before the hearing.</p> <p><b>Overall fraud savings attributed to this work stream is £5,000</b></p>
12.	<p><b>Revenues/Business Rates/Council Tax Support fraud</b></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><b>Objective commenced</b></p> <p>The team received 6 referrals of Council Tax discount/exemption fraud, CTRS fraud and NNDR/Covid-19 grant fraud. There are no savings identified at the mid year point, but a number of live investigations are ongoing.</p>
13.	<p><b>Social care fraud</b></p> <p>Work in partnership with the People Directorate to investigate allegations of fraud and abuse of the social care system including but not limited to:-</p> <ul style="list-style-type: none"> <li>• Personal budget applications, assessment and monitoring of spend</li> <li>• Long term residential care</li> </ul>	<p><b>Objective commenced</b></p> <p>1 referral has been received in relation to social care fraud which remains under investigation.</p> <p>1 No Recourse to Public Funds (NRPF) case that was referred before April 2020 case was investigated where the applicant had failed to disclose a change in their immigration status affecting the financial support the authority was providing. The weekly saving to the authority amount to £427.75.</p> <p>A joint piece of work with Internal Audit is scheduled to</p>

	<p>applications financial assessments and reviews</p>	<p>commence in Q4 looking at a sample of the monitoring of personal budgets and the financial assessments of residential care and non-residential care cases. The CAFT will pick up any fraud concerns that Internal Audit have with the monitoring of cases and will fraud check 100% of the financial assessments to provide assurance that those individuals being financially supported are receiving the appropriate levels of support.</p> <p><b>Overall fraud savings attributed to this work stream is £427.75</b></p>
14.	<p><b>Risk assess allegations of fraud and corruption</b></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><b>Objective commenced</b></p> <p>Of the 38 referrals received during the year, 34 (89%) were risk assessed and resources deployed to those cases accepted for investigation within 10 working days.</p> <p><b>KPI4 target 80%, achieving 89%</b></p>

# Performance of Corporate Anti-Fraud Team at Mid-Year

## Introduction

A number of Key Performance Indicators (KPIs) were agreed as part of the 2020-21 Corporate Anti-Fraud Plan and performance against these is set out in the table below:

No.	CAFT Key Performance Indicators 2020-21	Target Mid-Year	Mid-year Actual	Comments
1.	Recovery of a combined total 10 social housing units subject to fraud and misuse and the disruption / interception of fraudulent Right to Buy applications	50% (100% full year)	40% (2/5)	<b>Not achieving</b> 2 (40%) 2 Right to Buy applications intercepted. Covid-19 restrictions have resulted in Investigation Officers working from home since April 2020 which has impacted the effectiveness of work undertaken including a cessation of both visits and formal interviews
2.	Fraud validation checks undertaken on Right to Buy applications referred to the CAFT at offer stage and before completion	90%	100% (12/12)	<b>Achieving</b> Of the 12 Right to Buy applications received by the team during in the year, all 12 (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%	100% (2/2)	<b>Achieving</b> Of the 2 internal fraud and corruption referrals received by the team, both (100%) 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%	89% (34/38)	<b>Achieving</b> Of the 38 referrals received by the team during the year, 34 (89%) were risk assessed and resources deployed within 10 working days.
5.	Fraud risk recommendations agreed for implementation	80%	100% (5/5)	<b>Achieving</b> Of the 5 fraud risk recommendations made by the team in reports and briefing notes, 5 (100%) were agreed for implementation by management



## Fraud referrals, outputs and savings summary

Fraud Risk Area	2020-21 Mid-Year
<b>Housing application fraud</b> Referrals Positive outputs Savings	6 0 £0
<b>Blue badge</b> Referrals Positive outputs Savings	0 0 £0
<b>Fraud other</b> Referrals Positive outputs Savings	0 1 £15,682 (1 supplier overpaid and fully recovered)
<b>No Recourse to Public Funds</b> Referrals Positive outputs Savings	0 1 (referral received in 19/20) £427.75 (1 individual supported ceased)
<b>Revenues/CT/CTRS/HB</b> Referrals Positive outputs Savings	6 0 £0
<b>Internal</b> Referrals Positive outputs Savings	2 1 £5000 (1 employee resigned mid disciplinary)
<b>Right to Buy</b> Referrals Positive outputs Savings	12 2 £221,000 (2 x RTB applications rejected)
<b>Social care/grants</b> Referrals Positive outputs Savings	1 0 £0
<b>Tenancy</b> Referrals Positive outputs Savings	13 0 £0

<b>Totals</b>	
<b>Referrals</b>	<b>40</b>
<b>Positive outputs</b>	<b>6</b>
<b>Fraud Savings</b>	<b>£242,109.75</b>

### **2020-21 Mid-Year Financial Summary**

The level of fraud and corruption identified impacting the authority for 2020-21 at the mid-year point is just over £242,000 which represents an approximate return on investment for the team's running costs of approximately 1:1.