

**Corporate Anti-Fraud Team Year-End Report
2020/21**

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Introduction

This report outlines the corporate anti-fraud work carried out during the year 2020-21. 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, 8 (57%) were achieved, 3 (22%) were substantially achieved, 1 (7%) was partially achieved, 1 (7%) was not achieved and 1 (7%) was re-evaluated and changed for 2021/22. In terms of the key performance indicators, 3 (60%) were achieved and 2 (40%) were substantially achieved.

Key Outputs at Year end		
	Fraud work stream	Detail
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 achieved</p> <p>A fraud risk assessment was carried out to develop the fraud plan for 2021/22. This was developed drawing on a number of sources of information including: -</p> <ul style="list-style-type: none"> ○ Fighting Fraud & Corruption Locally 2020 (FFCL); a strategy for the 2020's; ○ Local knowledge and intelligence about known fraud risks the authority faces and fraud cases identified during 2020-21 and previous years; ○ Regular discussions with the Head of Internal Audit and Interim Risk Manager to co-ordinate common interest work where possible; ○ Review of fraud and corruption trends and patterns across the UK and more specifically London. ○ Weekly Cifas Intelligence bulletins on Covid-19; fraud risks, attendance at quarterly Cifas Local Authority Business Sector Working Group meetings and quarterly Cifas Organised Fraud Cross Sector Meetings; ○ Regular NAFN bulletins received citing known fraud risks that members had been exposed to; ○ Cabinet Office National Fraud Initiative (NFI) bulletins with updates on high risk fraud areas.
2	<p>Corporate fraud risk register</p>	<p>Objective re-evaluated and changed for 2021/22</p> <p>Focus shifted during the year to placing assurance on the Fighting Fraud & Corruption Locally Strategy 2020 and the accompanying</p>

	Review and facilitate the updating of the fraud risk register annually where significant fraud and corruption risks are identified, mitigated and monitored	checklist to manage fraud risks potentially impacting the authority. This strategy is the up to date strategy for Local Government and the most relevant for measuring the authority's fraud risk resilience and this is reflected in the 2021/22 plan.
3	<p>Corporate Anti-Fraud & Corruption Strategy</p> <p>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</p>	<p>Objective not achieved</p> <p>A light touch review was undertaken during 2020/21 and no significant changes were identified. This being the case, given the disruption of member meetings and the focus on dealing the pandemic it was not considered appropriate to take a document through the various member meetings. However, the strategy remained relevant during 2020/21.</p> <p>A more detailed review against the Fighting Fraud & Corruption Locally Strategy 2020 will be undertaken during 2021/22.</p>
4.	<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 substantially achieved</p> <p>A fraud loss methodology has been drafted and will be implemented for the financial year 2021-22 and reviewed to ensure it remains current. This methodology will be presented to the committee in the CAFT mid-year progress report 2021/22 once agreed by the Head of Internal Audit & Corporate Anti-Fraud and the Director of Finance.</p>
5.	<p>National Fraud Initiative co-ordination role</p> <p>Co-ordination of the 2020/21 National Fraud Initiative (NFI) data match processing including: -</p> <ul style="list-style-type: none"> • Ensuring all relevant service area privacy notices are up to date and follow best practice • Liaison with service leads to ensure data can be provided and in accordance with the relevant data specification • 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 • Act as liaison and as a support role for service areas during the project 	<p>Objective achieved</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 was released to the authority at the end of January 2021 and CAFT is presently reviewing matches and supporting service areas to review their matches.</p> <p>A fuller progress update will be provided in the mid-year report for 2021-22.</p>
6.	<p>Cifas Pilot Membership project</p> <p>Pilot membership of Cifas has been extended to March 2022. Cifas is the UK's leading fraud prevention service that facilitates the sharing of fraud data for the</p>	<p>Objective achieved</p> <p>The tenancy fraud data match was undertaken in Q3 and produced the following outcomes. Tenant matches to the Cifas mortality file was made the priority in this exercise to identify tenancies where housing management had not been notified of a</p>

	<p>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>tenant death and the property may have been occupied or sublet to other individuals:</p> <ul style="list-style-type: none"> • 4500 tenant records matched • 115 mortality matches were returned • 111 matches were processed with no further action • 4 cases were flagged for further enquiries • 3 cases live under investigation at year end
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"> • Launch a campaign to increase employee participation of the fraud e-learning course in the learning pod • 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 virtual fraud workshops for high risk fraud areas as determined by the outcomes of the fraud risk register • Publicly through all forms of media on successful fraud cases, fraud initiatives and related prosecution outcomes 	<p>Objective partially achieved</p> <p>Fraud e-learning 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 & Corruption Locally Strategy 2020. However, no actual campaign to increase participation was undertaken given the disruption caused by the pandemic.</p> <p>Internal Communications Covid-19 grant fraud alerts received from NAFN and Cifas have been shared frequently with Revenues and the Economic Development Team. Other general fraud bulletins received have been shared with different service areas potentially affected by fraud scams.</p> <p>Management reports and briefing notes In total, 12 fraud risk recommendations contained within investigation reports and briefing notes have been made to management with all 12 being agreed for implementation. KPI5 target 80%, achieved 100% (12/12)</p> <p>Workshops No fraud risks / awareness workshops have been delivered given the disruption of Covid-19 and the team adapting to the different ways of working.</p> <p>Publicity No publicity has been carried out this year.</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 Cifas</p>	<p>Objective achieved</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 3rd 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</p>

		<p>other enforcement agencies continue to prove essential to investigative work.</p> <p>The pilot relationship with Cifas is continuing for 2021-22 where a decision will be made on whether the authority will seek permanent membership. Based on the value it has already added and the potential to expand its use within the authority, it is likely that this will be recommended.</p>
9.	<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 a combined total of 10 social housing units and disrupt/intercept fraudulent Right to Buy applications (KPI1). • Prevent housing application fraud through a partnership approach with Housing Needs providing fraud risk advice, support and the investigations of allegations of fraud. • 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). • 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 • Plan and implement a proactive anti-fraud datamatching exercise to identify the misuse of Council social housing units (see also Cifas section above) 	<p>Objective substantially achieved</p> <p>Tenancy recoveries & Right to Buy applications disrupted/intercepted work stream Working in partnership with Housing Resident Services, Harrow's Registered Social Landlords (RSLs), Leasehold Services and HB Public Law, 2 social housing tenancies (£93,000 x 2) were recovered and 5 Right to Buys (£110,500 x 2 & £112,300 x 3) were intercepted.</p> <p>The value of RTB loss prevention is equal to the value of the purchase discount which can vary depending on the length of time the tenant has occupied the property and when they submitted their application as the discount increase annually in line with the consumer price index (CPI). KPI1 target 10, achieved 7 (70%)</p> <p>Housing Applications work stream A total of 9 housing application referrals have been received by the team during the year and no fraud has been detected to date where an application was rejected.</p> <p>RTB work stream Out of a total of 25 Right to Buy applications received by the team, all 25 Right to Buy applications have been checked or are in the process of being fraud checked before purchase or the application determined (denied). KPI2 target 90%, achieved 100%</p> <p>PoSHFA 2013 Powers work stream The authority has utilised powers contained within the above act through requests to the National Anti-Fraud Network (NAFN) on 31 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>Proactive Drive A proactive drive to identify non occupation/subletting of Council social housing was undertaken. The key fob entry use system and tenant access activity of 324 flats across four Council estates/blocks was analysed as intelligence from previous cases suggested these were high risks areas in the borough for consideration.</p> <p>In all, 103 flats were identified for key fob activity analysis after initial review</p> <p>11 cases were referred for full investigation.</p>

		<p>9 cases are currently under investigation.</p> <p>Also see the Cifas work stream at stream 6 above.</p> <p>Overall fraud loss prevented attributed to the housing fraud work stream is £743,900 based on:</p> <ul style="list-style-type: none"> • Tenancy recovery value according to the Cabinet Office and the authorities' fraud loss formula is £93,000 per unit. • Fraud loss prevention value calculated by the authority as per the fraud loss formula is the amount of discount the applicant would qualify for in the purchase; the maximum discount in 2020/21 is £112,300 and in 2019/20 it was £110,500.
10.	<p>Covid-19 Business Grants</p> <p>Work jointly with Internal Audit to undertake a review of the Small Business Grants Fund, the Retail, Hospitality & 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>Objective achieved</p> <p>Prior to the audit taking place the CAFT contributed to the design of the grant application process supporting both Revenue and Economic Development including undertaking Spotlight and Experian checks (validation checks) on their behalf and provided a risk profile to ensure that low risk cases were fast tracked for payment and high risk cases were recommended for greater verification.</p> <p>Internal Audit undertook the audit of Covid Business Grant applications processed during the year and the intention was to refer any concerns to the CAFT for investigation, however no fraud referrals were made during the audit.</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 working days of receipt of the information (KPI3).</p>	<p>Substantially achieved</p> <p>Of the 3 internal fraud referrals received, 2 were risk assessed and resources allocated within in 5 working days and the other referral took 7 working days. Whilst the performance indicator was not achieved, the target was missed by just 2 working days for so did not present any significant delay concerns.</p> <p>KPI3 target 80%, achieved 75%.</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>Overall fraud loss prevented attributed to this work stream is £20,451</p> <ul style="list-style-type: none"> • Value determined by the authority as the annual salary of the post for 1 year as per the fraud loss formula

<p>12.</p>	<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 achieved</p> <p>The team received 14 referrals of Council Tax discount/exemption fraud, CTRS fraud and NNDR/Covid-19 grant fraud. Fraud recoverable overpayments achieved are as follows;-</p> <p>Council Tax Benefit £965.87 Council Tax Reduction Support £5,862.32 Housing Benefit £32,209.75</p> <p>In all of these cases, the main focus of the investigation was housing tenancy fraud and subletting/non occupation and once fraud had been established CAFT findings were shared across both Revenues and Housing Benefit for them to reassess entitlement</p> <p>Overall recoverable fraud losses attributed to this work stream is £39,037.55</p> <ul style="list-style-type: none"> Value of recoverable overpayments raised by Housing Benefit following a CAFT recommendation to reassess the applicant's entitlement
<p>13.</p>	<p>Social care fraud</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"> Personal budget applications, assessment and monitoring of spend Long term residential care applications financial assessments and reviews 	<p>Objective achieved</p> <p>One No Recourse to Public Funds (NRPF) case that was referred before April 2020 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 ongoing saving to the authority amount to £612.94 per week.</p> <p>In addition as part of Internal Audit's annual plan of works, they undertook an audit of i) Personal Budget Monitoring and ii) Financial Assessments for Residential and Non- residential care.</p> <p>(i) Prior to undertaking this work it was decided that CAFT would investigate any cases that Internal Audit identified with fraud risk concerns about in relation to the Personal Budgets. In all four fraud referrals were identified and passed to the CAFT. All four are still under investigation.</p> <p>(ii) Prior to Internal Audit undertaking the Financial Assessments review for Residential and Non- Residential Care, it was agreed that the CAFT would fraud check 100% of the sample which amounted to twenty cases (ten of each). At the time of writing five residential care investigations were still live and six Non-residential care investigation were live. In the nine investigations that were closed, no fraud was uncovered.</p> <p>Overall fraud prevention losses attributed to this work stream is £612.94</p> <ul style="list-style-type: none"> Weekly support stopped as customer stopped engaging with the Home Office. Ongoing concerns were raised over whether he was working as bank accounts were identified which is unusual as an asylum seeker. When the CAFT commenced investigation the applicant disappeared.

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. (KPI4)</p>	<p>Objective achieved</p> <p>Of the 109 referrals received during the year, 105 (96%) were risk assessed and resources deployed to those cases accepted for investigation within 10 working days.</p> <p>In comparison to the previous year 2019/20, fraud referrals received were down from 213 (almost 50%)</p> <p>KPI4 target 80%, achieved 96%</p>
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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	Year-end target	Year-end output	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	10	7 (70%)	Substantially achieved 5 Right to Buy applications were intercepted and 2 housing tenancies recovered suspected of non-occupation/misuse. 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% (25/25)	Achieved Of the 25 Right to Buy applications received by the team during in the year, all 25 (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%	75% (3/4)	Substantially achieved Of the 4 internal fraud and corruption referrals received by the team, 3 (75%) were risk assessed and resources deployed within 5 working days whilst 1 referral took 7 working days which did not create a significant delay risk.
4.	Fraud and corruption referrals risk assessed and resources deployed in 10 working days	80%	96% (105/109)	Achieved Of the 109 referrals received by the team during the year, 105 (96%) were risk assessed and resources deployed within 10 working days.
5.	Fraud risk recommendations agreed for implementation	80%	100% (12/12)	Achieved Of the 12 fraud risk recommendations made by the team in reports and briefing notes, 12 (100%) were agreed for implementation by management

Fraud referrals, outputs and savings summary

Fraud Risk Area	2020-21 Q1 & 2	2020-21 Q3 & 4
Housing application fraud		
Referrals	6	3
Positive outputs	0	0
Savings	£0	£0
Blue badge		
Referrals	0	1
Positive outputs	0	0
Savings	£0	£0
Fraud other		
Referrals	0	0
Positive outputs	1	0
Savings	£15,682 (1 supplier overpaid and fully recovered)	£0
No Recourse to Public Funds		
Referrals	0	1
Positive outputs	1 (referral received in 19/20)	0
Savings	£612.94 (1 individual supported ceased)	£0
Revenues/CT/CTRS/HB		
Referrals	6	8
Positive outputs	0	2
Savings	£0	£39,037.55
Internal		
Referrals	2	2
Positive outputs	1	0
Savings	£20,451 (1 employee resigned mid disciplinary)	£0
Right to Buy		
Referrals	12	13
Positive outputs	2	3
Savings	£221,000 (2 x RTB applications rejected)	£336,900 (3 x RTB applications rejected)
Social care/grants		
Referrals	1	20
Positive outputs	0	0
Savings	£0	£0
Tenancy		
Referrals	13	24
Positive outputs	0	2

Savings	£0	£186,000 (2 x tenancies recovered)
Totals		
Referrals	40	72
Positive outputs	6	7
Fraud Savings	£257,745.94	£561,937.55

2020-21 Year-End Financial Summary

The level of fraud and corruption identified impacting the authority for 2020-21 at year end is in excess of £800,000 which represents an approximate return on investment for the team's operating costs of greater than 3:1.

The breakdown of the above figures is as follows; recoverable loss £55,332.49 (7%), prevented loss (savings) £764,351 (93%) and unrecoverable loss £0.