

**Corporate Anti-Fraud Team Year-End Report
2021/22**

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 during the year 2021-22. 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 (not this year due to work undertaken on the significant governance gap) and year end progress reports provided against the plan to provide a level of assurance around the authorities' fraud risk resilience capability and performance.

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 15 work streams contained within the plan, 10 (67%) were achieved, 1 (7%) was partially achieved, 1 (7%) was not achieved and 3 (20%) were not undertaken. In terms of the key performance indicators, all 5 were 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 Anti-Fraud & Corruption Strategy</p> <p>Review the authorities' Corporate Anti-Fraud & Corruption Strategy in light of the</p>	<p>Objective not achieved</p> <p>The strategy was not reviewed and refreshed due to resources being diverted to a significant governance gap identified mid-year. The strategy will be reviewed in 22/23 and an action plan drafted to close any fraud risk gaps identified.</p>

	refreshed Fighting Fraud and Corruption Locally Strategy 2020 and implement any actions identified to improve the authorities' fraud risk resilience	
--	--	--

	Fraud work stream	Detail
3.	<p>Review the fraud loss value methodology</p> <p>Review the fraud loss value methodology to apply consistently to significant fraud risk exposures enabling fraud losses to be measured accurately and in line with established standard nationwide formula and best practice</p>	<p>Objective achieved</p> <p>The fraud loss methodology underwent a light touch review and no changes were made.</p>
4.	<p>National Fraud Initiative co-ordination role</p> <p>Co-ordination of the 2020/21 National Fraud Initiative (NFI) match processing including:-</p> <ul style="list-style-type: none"> • Processing matches which are the responsibility of the CAFT • Supporting service areas across the authority to ensure their matches are processed in a timely manner and that suspected fraud/error is investigated appropriately • Process fraud referrals passed to the CAFT from other teams and from outside of the authority in line with team performance indicators 	<p>Objective achieved</p> <p>All high risk matches where the CAFT had responsibility have been processed and any positive outcomes registered on the NFI website.</p> <p>CAFT has liaised with all service areas responsible for processing matches and provided more detailed support for those requiring it.</p> <p>Two referrals were passed to the CAFT, both were risk assessed and resourced deployed within 10 working days (KPI). Both cases led to no further action being taken. See table at the end for NFI outcomes.</p>
5.	<p>Cifas project</p> <p>Continue to maximise membership of Cifas for a further 12 months to support fraud investigation work undertaking a proactive drive and explore expanding it's use internally for areas such as Human Resources and Recruitment (vetting), Insurance & Procurement.</p>	<p>Objective achieved</p> <p>Membership of Cifas continued throughout the year with all referrals received being checked on the National Fraud Database.</p> <p>A housing fraud datamatch was undertaken matching the tenancy data against the Cifas National Fraud Database and this resulted in the following:-</p> <ul style="list-style-type: none"> • 350 matches to the mortality register (tenant or joint tenant deceased) • 2 matches reported to housing management for further investigation as the tenant death was known • 1 match under investigation by CAFT

	Fraud work stream	Detail
6.	<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 and awareness internally and 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"> • Continue to promote the fraud e-learning package to employees • 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 (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 • The use of Yammer to promote fraud awareness and signpost to the e-learning package 	<p>Objective partially achieved</p> <p>Fraud e-learning A Yammer Fraud Awareness Campaign commenced in February 2022 using a 3 pillar approach of <i>Spot, Stop & Save</i> messaging around fraud. Each message was accompanied by a link to the e-learning course encouraging staff to find out more about how they could help prevent fraud in their service areas.</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, 20 fraud risk recommendations contained within investigation reports and briefing notes have been made to management with all 20 being agreed for implementation. KPI5 target 85%, achieved 100% (20/20)</p> <p>Workshops 3 Teams workshops covering general fraud awareness were delivered to employees in Housing Resident Services (Housing Officers, Rent Officers and Leasehold Officers) in Qtr 3.</p> <p>Publicity There has been no external publicity undertaken this year.</p>
7.	<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 and face to face counter fraud training events during the year.</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>Membership of Cifas was continued for 2021-22 and preparations were underway to join the Internal Fraud database (in addition to</p>

		the National Fraud Database) membership in 2022/23 to commence employee screening.
8.	Internal Data-matching Undertake an internal proactive drive using iDIS (fraud case management system tool) in an area assessed to be at high risk to fraud	Objective not undertaken No internal proactive drive was undertaken due to other higher risk priority work

	Fraud work stream	Detail
9.	<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 Council 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 investigation 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 internal datamatching section above) 	<p>Objective 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 (RSL's), Leasehold Services and HB Public Law, 2 council housing tenancies (£93,000 x 2) were recovered, 2 RSL tenancies were recovered (93,000 x 2) and 9 Right to Buys (£891,310.5) were denied.</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 11 (110%)</p> <p>Housing Applications work stream A total of 6 housing application referrals were received by the team during the year and 1 application was rejected resulting in a loss prevention savings of £7,176.</p> <p>RTB work stream Out of a total of 31 Right to Buy applications received by the team, all 31 Right to Buy applications were fraud checked or were in the process of being fraud checked before purchase or the application determined (denied or accepted). 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 10 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 200 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 and 6 remain under full investigation.</p> <p>Overall fraud loss prevented attributed to the housing fraud work stream is £1,270,486.5 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.

		<ul style="list-style-type: none">• RTB 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 was £112,300 and in 2021/22 was £112,800• Housing application fraud loss prevention value is calculated as £7,176 using the average cost of placing a household in emergency accommodation for 12 months minus the housing benefit contribution
--	--	---

	Fraud work stream	Detail
10.	<p>Covid-19 Restart Grants</p> <p>Work jointly with Internal Audit to undertake a review of the Restart Grants 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 not undertaken</p> <p>Internal Audit undertook the audit of Covid Restart 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 at least 85% of 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 achieved</p> <p>Of the 12 internal fraud referrals received, 11 were risk assessed and resources allocated within in 5 working days.</p> <p>KPI3 target 85%, achieved 92%.</p> <p>There were 8 positive outcomes during the year which involved 7 employees summarily dismissed and 1 employee disciplined.</p> <p>Overall fraud loss prevented attributed to this work stream is £130,068.5. Loss figure calculated by using the annual salary of the dismissed individual in line with the fraud loss formula</p>
12.	<p>Revenues/Business Rates/Council Tax Support fraud/Grants</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 13 referrals of Council Tax discount/exemption fraud, CTRS fraud and NNDR/Covid-19 grant fraud. Fraud recoverable overpayments achieved are as follows:-</p> <p>Single Person Discount £3,156.14 Council Tax Reduction Support £18,336.27 Housing Benefit £22,142.1 Covid grant £4,500</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 £48,134.51</p>

13.	<p>Social care fraud</p> <p>Work in partnership with the People Directorate to undertake a sample check allegations of fraud and abuse of the social care system including but not limited to:-</p> <ul style="list-style-type: none"> • A proactive fraud risk- based exercise of personal budgets 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 	<p>Objective not undertaken</p> <p>A combination of a lack of capacity and changes to social care legislation impacting the amount of support that adult services could provide to the CAFT to complete this project, a decision was made not to commence this work and to roll it over to 2022/23</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>	<p>Objective achieved</p> <p>All requests for information from our enforcement partners were processed in a timely manner or handed off to other departments depending on the nature of the request. ie planning enforcement enquiry passed to planning enforcement colleagues</p>
15.	<p>Risk assess allegations of fraud and corruption</p> <p>Risk assess 85% 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 94 referrals received during the year, all 94 (100%) were risk assessed and resources deployed to those cases accepted for investigation within 10 working days.</p> <p>KPI4 target 85%, achieved 100%</p>

Performance of Corporate Anti-Fraud Team Year End 2021-22

Introduction

A number of Key Performance Indicators (KPIs) were agreed as part of the 2021-22 Corporate Anti-Fraud Plan and performance against these is set out in the table below:

No.	CAFT Key Performance Indicators 2021-22	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	11 (110%)	Achieved 9 Right to Buy applications were intercepted and 2 housing tenancies recovered suspected of non occupation/misuse. There were also 2 RSL tenancies recovered.
2.	Fraud validation checks undertaken on Right to Buy applications referred to the CAFT at offer stage and before completion	90%	100% (31/31)	Achieved Of the 31 Right to Buy applications received by the team during in the year, all 31 (100%) had anti money laundering and occupancy 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	85%	92% (11/12)	Achieved Of the 12 internal fraud and corruption referrals received by the team, 11 (92%) were risk assessed and resources deployed within 5 working days.
4.	Fraud and corruption referrals risk assessed and resources deployed in 10 working days	85%	100% (94/94)	Achieved Of the 94 referrals received by the team during the year, 94 (100%) were risk assessed and resources deployed within 10 working days.
5.	Fraud risk recommendations agreed for implementation	85%	100% (12/12)	Achieved Of the 20 fraud risk recommendations made by the team in reports and briefing notes, 20 (100%) were agreed for implementation by management.

Fraud referrals, outputs and savings summary

Fraud Risk Area	2021-22
Housing application fraud Referrals Positive outcomes Loss/Loss avoidance	6 1 £7,176 (1 housing application denied)
Blue badge Referrals Positive outcomes Loss/loss avoidance	7 0 £0
Fraud other Referrals Positive outcomes Loss/loss avoidance	5 0 £0
Revenues/CT/CTRS/HB/Grants Referrals Positive outcomes Loss/loss avoidance	13 4 £48,134.51 (1 Single Person Discount overpayment, 1 Council Tax Reduction Support overpayment, 1 HB overpayment and 1 covid grant overpayment)
Internal/Employee Referrals Positive outcomes Loss/loss avoidance	12 8 £130,068.5 (1 employee disciplined and 7 employees summarily dismissed for fraud)
Right to Buy Referrals Positive outcomes Loss/loss avoidance	31 9 £891,310.5 (9 RTB application denied for failing anti money laundering checks)
Social care Referrals Positive outcomes Loss/loss avoidance	4 0 £0
Tenancy Referrals Positive outcomes Loss/loss avoidance	28 4 £372,000 (2 council tenancies and 2 housing association tenancies recovered)

NFI exercise 2020-21 (processing matches undertaken across multiple services inc CAFT) Positive outcomes Loss/loss avoidance	186 £984,280.01
Totals Referrals Positive outcomes Loss/loss avoidance	106 referrals + 186 NFI cases 292 £2,563,038.02

2021-22 Year-End Financial Summary

The level of fraud and corruption identified impacting the authority for 2021-22 amounts to £2,563,038.02 which represents an approximate return on investment for the team's running costs of just over 10:1