HARROW COUNCIL   Appendix 1
Corporate Anti-Fraud Team Year-End Report 2022/23

CONTENTS:

Introduction

This report outlines the corporate anti-fraud work carried out during 2022/23. The service has an annual plan which is risk based and developed through consultation internally and draws 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 12 work streams contained within the plan, 6 (50%) were achieved, 1 (8) was substantially achieved, 3 (25%) were partially achieved, 1 (8%) was carried over to 2023-24 and 1 (8%) was not achieved. In terms of the team's key performance indicators; all 5 were achieved.

	Key Outputs at Year end	
	Fraud work stream	**Detail**
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.	**Objective achieved** A fraud risk assessment was carried out to develop the fraud plan for 2022/23. (See attached) This was developed drawing on a number of sources of information including:- o Fighting Fraud & Corruption Locally 2020 (FFCL); a strategy for the 2020's; o Local knowledge and intelligence about known fraud risks the authority faces and fraud cases identified during 2021-22 and previous years; o Regular discussions with the Head of Internal Audit and Interim Risk Manager to co-ordinate common interest work where possible; o Review of fraud and corruption trends and patterns across the UK and more specifically London. o 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; o Regular NAFN bulletins received citing known fraud risks that members had been exposed to; o Cabinet Office National Fraud Initiative (NFI) bulletins with updates on high risk fraud areas
2	**Corporate Anti-Fraud & Corruption Strategy** Review the authorities' Corporate Anti-Fraud & Corruption Strategy and update any action plan in year	**Objective not achieved** The strategy was reviewed and refreshed and a draft version taken to GARMS in November 2022 for the Committee to review. Further consultation took place with all Directorates subsequent to this and the final version sign off carried over into 2023/24.

| 3. | **National Fraud Initiative co-ordination role**

Co-ordination of the 2022/23 National Fraud Initiative (NFI) matching process including:-
• 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 GDP
• 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 data matches are released in January 2023 to ensure that action is commenced promptly on those matches that are deemed to be high risk | **Objective achieved**

Compliance with the fair processing notices was all complete to specification and deadline.

Support provided to all service areas and all data sets were checked and complied with the data specification.

All required data was uploaded securely to the Cabinet Office website by the deadline.

This phase of the project is underway and more detail around outcomes will be provided in the mid-year and year-end reports in 2023/24. |

| 4. | **Cifas project**

Continue to maximise membership of Cifas to support fraud investigation work undertaking a proactive drive using the National Fraud Database (NFD) | **Objective partially achieved**

All referrals received by the team were checked on the National Fraud Database and any positive hits added to the case intelligence notes. Checking 100% fraud referrals on the NFD is another source of intelligence that may alert the authority to a risk that would otherwise not have been known. It also provides the authority with assurance if no trace is found that a subject has not defrauded another member organisation.

A proactive drive using the NFD was not undertaken due to high workload and other higher priority reactive work having to be processed. |
| 5. | **Cifas Employee Vetting Project**

Implement employee vetting using the Cifas Enhanced Internal Fraud Database (EIFD) for new starter agency staff in phase 1 (Q2) and new starter and promotions for permanent staff in phase 2 (Q4) | **Objective partially achieved**

Vetting of all agency workers. in phase 1 commenced in August 2022 and in total between August 2022 and April 2023 there were 107 agency workers screened using the EIFD, with no trace on 105 employees. This provided assurance to the organisation that known fraudsters filed by Cifas members were not being recruited. The 2 agency workers filed on the database by other members left the organisation whilst enquiries were underway with the filing organisations.

Screening of permanent staff in phase 2 did not commence as greater consultation was required internally. This work stream has been carried over to the plan for 2023/24. |

	Fraud work stream	Detail
6.	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:- • Facilitate with organizational development the roll out of mandatory fraud e-learning during the year • General fraud communication bulletins in relation to articles on fraud and corruption, case studies • 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	**Objective partially achieved** **Fraud e-learning** Fraud awareness training became mandatory for new starters in October 2022 and 3 year cyclical refresher training for all existing employees. This marks a significant step in the right direction for the authority prioritising fraud awareness, detection and prevention. It launched in October 2022 and as at the end of March 2023, the authority had achieved an 88% employee compliance rate with the training and this was evenly distributed across all of the directorates. **General fraud communication bulletins** No fraud updates were issued **Management reports and briefing notes** 21 recommendations were made to management for action following investigation. 20 were accepted by management resulting in positive outcomes for the authority. **KPI5 target 85%, achieved (95%)** **Workshops** The team ran a live Teams fraud awareness session and posted the recording on the Hub in March 2023. The purpose of this session was to provide more detail than that covered in the e-learning course. **Publicity** There was no external publicity undertaken this year. **Yammer** The team published a series of real fraud case studies that the team had investigated commencing in November 2022 covering a number of different areas. November 2022 – Housing Tenancy December 2022 – Social Care January 2023 – Housing Tenancy February 2023 – Housing Tenancy (Private Sector Leasing)
7.	**Fraud liaison** 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	**Objective achieved** The authority continued its membership of NAFN for its essential role in intelligence and evidence gathering and the LBFIG. NAFN is an essential service for accessing 3rd party information sources which is vital for supporting investigation work. Officers in the team have also attended a number of virtual and face to face counter fraud training events during the year hosted by LBFIG and Cifas.

		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.
8.	**Challenging Organised Crime Groups (OCGs) project** Explore a proof of concept to identify and investigate OCGs in partnership with the Department for Business, Energy & Industrial Strategy (BEIS), University of the West of England & Synalogik Innovative Solutions	**Objective carried over to 2023/24** The pilot went live in January 2023 but was paused due to issues with the data sets feeding into the platform. The proof of concept is carried over to the 2023/24 plan and will recommence once the data issues have been resolved.
9.	Assess and investigate allegations of fraud and abuse in the housing system working in partnership with Housing Resident Services, Housing Needs and Harrow's Registered Social Landlords (RSL's) including: • 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	**Objective achieved** **Tenancy recoveries & Right to Buy applications disrupted/intercepted work stream** Working in partnership with Housing Resident Services, Harrow's RSL's, Leasehold Services and HB Public Law, 5 council housing tenancies [1]were recovered resulting in a fraud loss prevention saving of £465,000 (£93,000 x 5) and 6 Right to Buys were declined resulting in a fraud loss prevention saving of £675,300 (£112,300 x 3 & £112,800 x 3). [2] In relation to one of the tenancy recoveries, the authority was awarded £11,567.98 in court costs and an unlawful profit order amounting to £3,439.16 following a court hearing for possession. **KPI1 target 10, achieved 11 (110%)** **Housing Applications work stream** The team received one housing application referral during the year which is still a live investigation. **RTB work stream** Out of a total of 19 Right to Buy applications received by the team, all 19 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%** **PoSHFA 2013 Powers work stream** The authority has utilised powers contained within the above act through requests to the NAFN on 18 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

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[1] Tenancy recovery value according to the Cabinet Office and the authorities' fraud loss formula is £93,000 per unit.

[2] 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).

	identify the misuse of Council social housing	and housing applications where there is doubt over the accuracy of the subject's account of events.
		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 across a number of Council estates/blocks was analysed as intelligence from previous cases suggested these were high risk areas in the borough for consideration.
		In all, 474 flats were identified for key fob activity analysis after initial review; 11 cases were referred for full investigation, 5 cases were closed no fraud, 4 cases are still under investigation & 2 properties were recovered (included in the tenancy recovery total above).
		Overall fraud loss prevented attributed to the housing fraud work stream is £1,155,307.14
	Fraud work stream	**Detail**
10.	**Social Care fraud** 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:- • 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	**Objective substantially achieved** A sample of 20 personal budget cases were fraud checked to ensure the financial assessment undertaken on the subject was consistent with 3rd party sources. Of the 20 cases, 7 cases were closed as being compliant and 13 are still live under investigation. No fraud losses / prevention have been identified to date in the sample to date. No proactive drive was undertaken on individuals in long term residential care due to high workload. In addition to the proactive personal budget sampling undertaken, a number of other historical personal budget investigations resulted in four individuals having their financial circumstances being reassessed based on the investigation findings. This resulted in the following outcomes:- **Case A** – Deprivation of capital by the client and family moving savings out of client's name in advance of a known care need and financial assessment. Fraudulent overpayment amounting to £76,249 resulted. Not in the public interest to pursue criminally but arrangements in place to recover the funds by the service. **Case B** – The personal budget agreed was for respite care. No such care was received and the provision of fraudulent invoices for care provided by personal budget holder. Loss prevention saving amounting to £44,436.14 ongoing as the service was removed. A historical fraudulent overpayment was claimed in a previous financial year. Not in the public interest to pursue criminally. **Case C** – The personal budget agreed was for respite care. No such care was received and multiple carers 'wages' were recycled back to the personal budget holder. Fraudulent overpayment amounting to £137,728.7 resulted. Investigation is ongoing and no decision taken on criminal proceedings as yet. **Case D** – Personal budget was agreed for home care. Care was provided by resident family members. The named carer's 'wages' were recycled back to the personal budget holder. Fraudulent

		overpayment amounting to £59,378.96 resulted. Investigation is ongoing and no decision taken on criminal proceedings as yet. **Overall fraud loss/prevention identified attributed to the social care fraud work stream is £317,792.80.**
11.	**Risk assess allegations of internal fraud and corruption** 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 5 working days of receipt of the information (KPI3	**Objective achieved** Of the 12 internal fraud referrals received, all 12 were risk assessed and resources allocated within in 5 working days. **KPI3 target 85%, achieved 100%.** There was 1 positive outcome where an employee deployed in parking enforcement was dismissed for blue badge misuse against a neighbouring borough. **Overall fraud loss prevented attributed to this work stream is £34,322.48[3].**
12.	**Risk assess allegations of fraud and corruption** 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)	**Objective achieved** Of the 94 fraud referrals received, 93 were risks assessed and resources allocated within 10 working days. **KPI4 target 85%, achieved 99%.**

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[3] Loss figure calculated by using the annual salary of the dismissed individual in line with the fraud loss formula

Performance of Corporate Anti-Fraud Team Year End 2022/23

Key Performance Indicators (KPIs) were agreed as part of the 2022/23 Corporate Anti-Fraud Plan. Performance against these is set out in the table below: -

No.	CAFT Key Performance Indicators 2022/23	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** 6 Right to Buy applications were declined/ intercepted and 5 housing tenancies recovered suspected of non-occupation /misuse.
2.	Fraud validation checks undertaken on Right to Buy applications referred to the CAFT at offer stage and before completion	90%	100% (19/19)	**Achieved** Of the 19 Right to Buy applications received by the team during in the year, all 19 (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%	100% (12/12)	**Achieved** Of the 12 internal fraud and corruption referrals received by the team, 12 (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	85%	99% (93/94)	**Achieved** Of the 94 referrals received by the team during the year, 93 (99%) were risk assessed and resources deployed within 10 working days.
5.	Fraud risk recommendations agreed for implementation	85%	95% (20/21)	**Achieved** Of the 21 fraud risk recommendations made by the team in reports and briefing notes, 20 (95%) were agreed for implementation by management.

Fraud referrals, outputs and savings summary

Fraud Risk Area	2022/23
Housing application fraud Referrals Positive outcomes Loss/Loss avoidance value	 1 0 £0
Blue badge Referrals Positive outcomes Loss/loss avoidance value	 11 0 £0
Revenues/CT/CTRS/HB/Grants Referrals Positive outcomes Loss/loss avoidance value	 10 4 £19,542.76 (1 x Council Tax Reduction Support overpayment & 3 x Housing Benefit overpayments all linked to tenancy fraud investigations)
Internal/Employee Referrals Positive outcomes Loss/loss avoidance value	 14 1 £34,322.48 (1 employee dismissed)
Right to Buy Referrals Positive outcomes Loss/loss avoidance value	 19 6 £675,300 (6 RTB applications declined following money laundering checks)
Social care Referrals Positive outcomes Loss/loss avoidance value	 20 4 £317,792.80 (4 x personal budgets)
Tenancy Referrals Positive outcomes Loss/loss avoidance value	 31 5 £480,007.14 (5 x council tenancies recovered, 1 x court costs and 1 x unlawful profit order)
Totals **Referrals** **Positive outcomes** **Loss/loss avoidance value**	 **106** **20** **£1,526,965.18**

2022/23 Year-End Financial Summary

During 2022/23 the total value of fraud loss/avoidance identified amounted to £1,526,965.18.

This represents a return on investment for the cost of running the team of over 5:1.