

Corporate Anti-Fraud Team Year-End Report

2023/24

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Introduction

This report outlines the corporate anti-fraud work carried out during 2023/24. 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 progress updates against the plan provided regularly 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 13 work streams contained within the plan, 11 (85%) were achieved, 1 (8%) was achieved and ongoing and 1 (8%) was not achieved. In terms of the team's key performance indicators; 4 out of 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. A new methodology was deployed in 2022/23 which will be reviewed at the end of the year to assess its accuracy.</p>	<p>Objective achieved</p> <p>A fraud risk assessment was carried out to develop the fraud plan for 2023/24. 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 2022-23 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. ○ Regular Credit Industry Fraud Avoidance System (Cifas) intelligence bulletins on fraud risks, attendance at quarterly Cifas Local Authority Business Sector Working Group meetings and quarterly Cifas Organised Fraud Cross Sector Meetings; ○ Regular National Anti Fraud Network (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>Complete the Corporate Anti-Fraud & Corruption Strategy 2022-26 and ensure</p>	<p>Objective achieved</p> <p>The strategy was reviewed and refreshed. Consultation took place with all directorates and a final version was taken to GARMS on 19 March 2024 for the Committee to review. The</p>

	that it is communicated internally to raise awareness of fraud	updated strategy has now been incorporated into the Constitution.
3.	<p>Corporate Anti-Fraud & Corruption Strategy 2022-26 self-assessment</p> <p>Undertake a self-assessment against the Fighting Fraud & Corruption Locally Strategy 2020 checklist and draft an action plan for implementation to address any governance gaps identified</p>	<p>Objective achieved</p> <p>A self-assessment was carried out against the FFCL strategy best practice checklist and of the 32 elements, the authority was found to be compliant with 22 elements (69%), part compliant with 8 elements (25%) and non-compliant with 2 elements (6%). The draft action plan will be further developed and implemented during 2024/25 with a view to achieving a higher level of compliance and thus increasing the authority's fraud risk resilience.</p>

4.	<p>National Fraud Initiative co-ordination role</p> <p>Co-ordination of the 2022/23 National Fraud Initiative (NFI) matching process including:-</p> <ul style="list-style-type: none"> • Process all matches which are the responsibility of the CAFT • Support services areas across the authority to ensure their matches are processed in a timely manner and that suspected fraud/error in investigation appropriately • Process fraud referrals passed to the CAFT from other teams and form outside of the authority in line with team performance indicators 	<p>Objective achieved and ongoing</p> <p>The CAFT are up to date with all matches that they are responsible for but continually review the NFI website as new matches come online with refreshed data from other sources such as central government mortality records.</p> <p>The CAFT continue to support all areas in the authority in processing their matches that are deemed to be high risk.</p> <p>The CAFT treat NFI referrals like any other referrals and ensure that they meet the processing performance indicators where possible.</p> <p>For details of the NFI matches, outcomes and values see the relevant table.</p>
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5.	<p>Fraud e-learning Assist in the design and delivery of a fraud e-learning package using the authorities' Learning Management System (LMS) to replace the current package</p>	<p>Objective achieved</p> <p>The previous fraud e-learning course expired in December 2023 and the Council went live with their own designed e-learning package the very same month.</p> <p>The content was designed and delivered by the CAFT supported by those in the Learning & Development Team. The current completion level for the course is 88.4% across the authority. All new starters are required to undertake the course upon joining the authority, whilst all existing employees are required to retake the course every 3 years.</p>
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6.	<p>Cifas Employee Screening Implement employee fraud screening using the Cifas Insider Threat Database (ITD) for new permanent staff</p>	<p>Objective not achieved</p> <p>Further consultation across the Council with relevant stakeholder is required for this project to progress. This work stream has rolled over to the annual fraud plan for 2024/25.</p>
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	Fraud work stream	Detail
7.	<p>Corporate anti-fraud awareness 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"> • Assist Learning and Development with the continuation of mandatory fraud e-learning and the changeover to a new e-learning course in year • Fraud communication bulletins in relation to articles on fraud and corruption including real 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 	<p>Objective achieved</p> <p>Fraud e-learning The new e-learning course went live in December 2023.</p> <p>General fraud communication bulletins In December 2023 the Communications team released an article about a number of Housing fraud successes the Council had achieved through investigation. https://www.harlow.gov.uk/news/article/11274/more-than-350-000-of-taxpayer-money-diverted-away-from-tenancy-fraud</p> <p>Management reports and briefing notes Of the 19 fraud risk recommendations made by the team in reports and briefing notes, 8 (67%) were agreed for implementation by management, 4 (33%) were not agreed for implementation whilst no decision had yet been made on 7 recommendations. KPI5 target 85%, achieved (67%)</p> <p>Fraud workshops A number of online fraud awareness briefings were delivered during the year focussing on Identity Fraud. In total, around 70 employees attended the 5 briefings across Housing Needs, Housing Management and Social Services.</p> <p>Publicity In June 2023 the CAFT working alongside colleagues in Housing regained possession of a property that an individual attempted to obtain by false representation. This received much publicity at the time in and around London. https://www.tenancyfraudforum.org.uk/post/court-order-keys-back-for-council-home-in-harlow</p> <p>Housing covered CAFT fraud activity in their Annual Housing Report 2022-23 published in January 2024. The report was issued to all tenants and leaseholders in the borough.</p> <p>Yammer Whilst the use of Yammer did not take place during the year, the CAFT Hub and website pages were updated to reflect current statistics and cases studies</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 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.</p> <p>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.</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>
9.	<p>Challenging Organised Crime Groups (OCGs) project</p> <p>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</p>	<p>Objective achieved</p> <p>The pilot went partially live in January 2023 but was paused due to issues with the data sets feeding into the platform. It went fully live in June 2023 and the pilot was ended in August 2023. Whilst there were some positive aspects to the system, it was concluded that it didn't add value to established investigations and served more as an intelligence tool. In terms of the economic viability, it wasn't something that the authority felt was value for money and therefore would not be continuing to use the system.</p>
10.	<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 Registered Social Landlords (RSL's) including:</p> <ul style="list-style-type: none"> • Seek to recover a combined total of 11 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 	<p>Objective achieved</p> <p>Tenancy recoveries & Right to Buy applications disrupted/intercepted</p> <p>Working in partnership with Housing Resident Services, Harrow's RSLs, Leasehold Services and HB Public Law, eight council housing tenancies were recovered resulting in a fraud loss prevention saving of £744,000 ¹ and three Right to Buys were declined resulting in a fraud loss prevention saving of £372,000 ². There is also the wider benefit of retaining the housing stock. KPI1 target 11, achieved 11 (100%)</p> <p>Housing Applications</p> <p>The team investigated two cases where tenants that were misusing their tenancies and under investigation applied to move to another property, one of which was out of borough. The applications were denied due to the investigations. They were both eventually repossessed by the Council and feature in the above numbers. This generated loss avoidance savings of £12,800.</p>

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).

	<ul style="list-style-type: none"> • 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 data matching exercise to identify the misuse of Council social housing 	<p>RTB Out of a total of 11 Right to Buy applications received by the team, all 11 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 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 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 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.</p> <p>In all, in excess of 400 flats were identified for key fob activity analysis after initial review; 10 cases were referred for full investigation, 5 cases were closed no fraud, 4 cases are still under investigation & 1 property was recovered (included in the tenancy recovery total above).</p> <p>Overall fraud loss prevented attributed to the housing fraud work stream is £1,129,300</p>
Fraud work stream		Detail
11.	<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 and/or • A proactive fraud risk based exercise in relation to those individuals being financially supported in long term residential care 	<p>Objective achieved</p> <p>A sample of 20 residential care cases were fraud checked to ensure the financial assessment undertaken on the subject was consistent with 3rd party sources. Of the 20 cases, 16 cases were closed as being compliant, 4 are still live under investigation with 2 suspected as being fraudulent. More detail will be provided on these cases during 2024-25.</p> <p>One case that was already under investigation at the start of the financial year was found to be fraudulent is still under investigation and no decision has been made yet on further action. The personal budget financial reassessment resulted in an overpayment of £43,003.56 being created which is now being recovered.</p> <p>Overall fraud loss/prevention identified attributed to the social care fraud work stream is £43,003.56.</p>
12.	<p>Risk assess allegations of internal 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 5</p>	<p>Objective achieved</p> <p>Of the 17 internal fraud referrals received, 15 were risk assessed and resources allocated within in 5 working days.</p> <p>KPI3 target 85%, achieved 88%.</p>

	<p>working days of receipt of the information (KPI3)</p>	<p>There were 6 positive outcomes involving both permanent and agency employees including a worker that provided a false employment reference and failed to disclose they were working for two employers immediately before applying to the Council for work. They were under investigation by their previous employer for having two full time jobs unbeknown to each employer. The offer of employment was withdrawn.</p> <p>Also identified was a full time Council employee that had been found working for another employer whilst signed unfit to work for Harrow. They were suspended pending a disciplinary investigation and resigned mid-way through the process.</p> <p>Finally, an agency worker was identified via the Cifas screening process as having been filed by multiple Cifas members for fraud against their businesses where they withdrew services. This launched a CAFT investigation where they were also found to have undisclosed unspent previous convictions, one of which was driving whilst already disqualified. Their role with the authority required them to use their vehicle. Their contract was terminated.</p> <p>Overall fraud loss prevented attributed to this work stream is £330,201.05³.</p>
13.	<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 86 fraud referrals received, all 86 were risk assessed and resources allocated within 10 working days.</p> <p>KPI4 target 85%, achieved 100%.</p>

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 2023/24

Key Performance Indicators (KPIs) were agreed as part of the 2023/24 Corporate Anti-Fraud Plan. Performance against these is set out in the table below: -

No.	CAFT Key Performance Indicators 2023/24	Year-end target	Year-end output	Comments
1.	Recovery of a combined total 11 social housing units subject to fraud and misuse and the disruption / interception of fraudulent Right to Buy applications	11	11 (100%)	Achieved 3 Right to Buy applications were declined/ intercepted and 8 housing tenancies recovered that were 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% (11/11)	Achieved Of the 11 Right to Buy applications received by the team during in the year, all 11 (100%) had anti money laundering and occupancy checks carried out before purchase or were in progress before a decision made to accept or decline the purchase.
3.	Internal fraud and corruption referrals risk assessed and resources deployed in 5 working days	85%	88% (15/17)	Achieved Of the 17 internal fraud and corruption referrals received by the team, 15 (88%) 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% (86/86)	Achieved Of the 86 referrals received by the team during the year, 86 (100%) were risk assessed and resources deployed within 10 working days.
5.	Fraud risk recommendations agreed for implementation	85%	67% (8/12)	Not Achieved Of the 19 fraud risk recommendations made by the team in reports and briefing notes, 8 (67%) were agreed for implementation by management, 4 (33%) were not agreed for implementation whilst no decision had yet been made on 7 recommendations.

Fraud referrals, outputs and savings summary

Fraud Risk Area	2023/24
Housing application fraud	
Referrals	3
Positive outcomes	2
Loss/Loss avoidance value	£12,800
Blue badge	
Referrals	17
Positive outcomes	0
Loss/loss avoidance value	£0
Revenues/CT/CTRS/HB/Grants	
Referrals	2
Positive outcomes	2
Loss/loss avoidance value	£22,975.01
Internal/Employee	
Referrals	17
Positive outcomes	6
Loss/loss avoidance value	£330,201.05
Right to Buy	
Referrals	11
Positive outcomes	3
Loss/loss avoidance value	£372,000
Social care	
Referrals	21
Positive outcomes	1
Loss/loss avoidance value	£43,003.56
Tenancy	
Referrals	24
Positive outcomes	8
Loss/loss avoidance value	£744,000
National Fraud Initiative (NFI)	
Matches ⁴	6803
High risk matches	617
Positive outcomes	67
Loss/loss avoidance value	£413,552.71
Other	
Referrals	0
Positive outcomes	2
Loss/Loss avoidance value	£500 (tenancy termination incentive for property clearance removed for cases under investigation)
Totals	
Referrals	103 (plus 617 high risk NFI matches)
Positive outcomes	91
Loss/loss avoidance value	£1,939,032.33

⁴ NFI matches are not a fraud referral, they simply indicate a data anomaly that may need further exploration.

2023/24 Year-End Financial Summary

During 2023/24 the total value of fraud loss/loss avoidance identified amounted to £1,939,032.33

This represents a ROI for the cost of running the team of around 6:1.