

**REPORT FOR: GOVERNANCE, AUDIT
AND RISK
MANAGEMENT
COMMITTEE**

Date of Meeting:

6 September 2011

Subject:

**INFORMATION REPORT - Risk,
Audit & Fraud Division Activity
Update**

Responsible Officer:

Tom Whiting, Assistant Chief Executive

Exempt:

No

Enclosures:

None

Section 1 – Summary

This report outlines the current work streams of the Risk, Audit and Fraud group of services.

Recommendations:

The Committee is requested to note the progress across the division.

Section 2 – Report

Background

- 2.1 This report sets out the progress made and future work planned in respect of the Risk, Audit and Fraud group of services, which the GARM Committee is responsible for monitoring as part of its terms of reference.
- 2.2 The focus of this monitoring is quarter 1 in 2011/12, April to June 2011.
- 2.3 This report does not set out the activity of the Internal Audit, Insurance or Emergency Planning, since these services have provided reports separately on this Committee's agenda.

Corporate Anti Fraud Team

- 2.4 During the 1st quarter of 2011/12 the Corporate Anti-Fraud Team achieved the following output:-
 - 2.41 Benefit fraud
 - Referrals received = 88
 - Closed investigations (cases investigated by Investigation Officers, does not include anything risk assessed out) = 29
 - Cautions issued = 0
 - Administrative penalties = 6
 - Administrative penalties value = £6,747.36 (fines)
 - Summons issued = 1
 - Successful prosecutions = 3
 - Proceeds of Crime Act 2002 orders (POCA) = £190,856.54 (joint case with Brent, total loss being £168,136.60)
 - Overpayments = £130,038.05 (in relation to the above cautions, administrative penalties & prosecution cases)
 - DWP overpayments related to joint cases = £64,717.01
 - 2.42 Corporate fraud
 - Referrals received = 28
 - Closed investigations = 24
 - Cautions = 1
 - Successful prosecutions = 0
 - Application for services refused/withdrawn = 5
 - Employee dismissals/conduct activity = 0

Successful prosecution case studies

- 2.43 Ms Sasha Keogh - Carlyon Avenue, South Harrow, HA2

Ms Keogh claimed benefit on the basis of being a single parent of three children on Income Support. In 2008 an allegation was made that Keogh was living together with her partner, Derek Currell who was a self employed roofer and that they also had a son together.

Investigations revealed that Keogh had declared Currell as the alleged landlord of the property when the claim commenced in 2003, but gave his address in another part of Harrow, where his parents resided. Currell had owned the property since 1996. In 2004 they had a child together and the birth certificate showed that Currell was the father and that he resided at the same address as Keogh so the suspicion was that they were in a relationship from the outset of the claim.

Evidence obtained by investigators showed that they were financially linked in April and May 2004 and that they held a joint Nationwide bank account throughout the claim. Keogh also held other accounts that were not declared on her application form and credits into this account showed that she had also been working for a period of a year undeclared to the authorities.

Half way through the claim, Keogh advised that her landlord had changed to Diann Kedge of Roy Road, Northwood and provided a tenancy agreement to support this. Enquiries made with Ms Kedge revealed that the agreement was fake and that she had never had any involvement with the address, although she confirmed that she was the mother of Currell and that she was aware that her son had been in a relationship with Keogh for sometime.

Keogh was invited to attend an interview and after receiving legal advice decided not to go ahead. Her claims for Housing Benefit, Council Tax Benefit and Income Support were reassessed which resulted in overpayments of £47680.64, £6941.72 and £16,169.76 respectively. She was summonsed to attend court to answer 9 charges affecting her benefits and on 20th April 2001 pleaded guilty to 8 charges.

On 18th May 2001 she was sentenced to 12 months in prison suspended for 2 years, 300 hours unpaid work, a 6 month curfew for the hours 6pm – 6 am and a 2 year supervision order. She was also ordered to attend an education, employment and training course. No compensation order was made as she did not have the means to repay the debt within 2 years.

2.44 Ms Andrea Thomas – Pinner Grove, Pinner, HA5

Ms Thomas claimed benefit from 2003 on the basis of being a single parent of two children on Income Support. In late 2008 a data matching allegation was received stating that Thomas had £62,000 in capital held in two undeclared bank accounts. She had only ever declared one Barclays account on her application to both the authority and the DWP.

Thomas was interviewed by investigators who confirmed that she had received a payment of £62,000 in June 2005 following the death of her mother. She admitted that she consciously decided to withhold this

information because she realised that her benefit claim with both the authority and the DWP would have ceased.

Her claims for Housing Benefit, Council Tax Benefit and Income Support were reassessed which resulted in overpayments of £45,262.71, £3,769.61 and £15,730.93 respectively.

She was summoned to attend court to answer 4 charges of fraud and pleaded guilty on 20th May 2011. She was sentenced on 21st June 2011 to 6 month's imprisonment suspended for 2 years and she was also issued with a 4 month curfew between the hours 9pm – 7am. No compensation order was made as she did not have the means to repay the debt within 2 years.

2.45 Miss Theresa Quinlan – Lowther Road, Stanmore, HA7

Miss Quinlan claimed Council Tax Benefit as a single person on Job Seekers Allowance (JSA) from 1998. She declared one post office bank account. A referral was received in late 2008 from another local authority alleging that a John Quinlan was registered at the same address as Quinlan. They provided a benefit claim form that they had received with supporting bank statements that were registered at the Lowther Road address.

Following investigations, officers were able identify that in addition to a John Quinlan being registered at the address, financial links placed a James Reynolds also at the address. Officers interviewed Quinlan and who confirmed that John Quinlan was her father who stayed with her from time to time and that James Reynolds was her ex-partner and that he paid the mortgage on Lowther Road for her, but did not live with her.

A few weeks after the 1st interview, Quinlan called officers and stated that James Reynolds had moved back into the address. Officers interviewed Quinlan once again to query this statement and she admitted that James Reynolds had in fact moved in with her some 2 years previous. When Quinlan could not provide an address history for Reynolds, upon further questioning, she admitted that he had been living with her for the last 6 years.

Her claim for Council Tax Benefit was reassessed which resulted in her being overpaid £4,192.09. She was also overpaid Job Seekers Allowance amounting to £32,816.32. She was summonsed to attend court and pleaded guilty to all charges. She was sentenced on 20th June 2011 to 126 weeks imprisonment suspended for 12 months plus 80 hours community work and £600 costs. No compensation order was made as she did not have the means to repay the debt in 2 years.

Housing tenancy fraud/misuse case studies

2.46 The CAFT appointed a Housing Fraud Investigator at the end of January 2011 to assist Housing Management in dealing with subletting and tenancy misuse. A number of positive results for the authority have been achieved with 4 tenancies being surrendered by tenants

whose cases had been investigated. A further tenancy has been surrendered and the keys are expected at the end of August 2011.

2.47 The following cases demonstrate that with targeted resources, council assets can be redistributed to those that most need Council support. It also represents a saving for the council in that it reduces temporary accommodation costs by moving families into secure tenancies. The Audit Commission in their 'Protecting The Public Purse' report published in October 2010 calculated that average temporary accommodation costs in the UK were £18,000 per year and as this figure was a national one, Harrow could possibly be much higher than this. The 4 tenancies returned to Council possession and now re-let to people that were in temporary accommodation represents a real saving of £54,000 for the Council.

2.48 Mr S – Pinner, HA5

Case referred by Housing Management as they were having difficulty in gaining access to the property to undertake the gas safety check. Mr S had been a tenant since 2001. The suspicion was that the property was not occupied by the tenant as their principle home. The Investigation Officer was able to establish that the tenant was not liable for any utility bills at the address and had no credit activity or TV license.

He was traced to an address in Hadley Wood in Barnet and the London Borough of Enfield Council confirmed that he was the registered person for Council Tax since 2008. He was also registered for gas and electricity payments since 2008 at the address, although the property was owned by a company based in the Isle of Man.

Further financial enquiries undertaken revealed that the tenant had purchased a property in Milton Keynes in 2005 for £430,000 and that the Council had him registered for Council Tax since 2004.

A Notice to Quit was served on Mr S for non occupation and after attending a meeting with housing and fraud officers he surrendered the tenancy. All rent arrears were cleared and he handed the keys back into the authority in April 2011.

2.49 Mr S – Wealdstone, HA3

Issue identified as a result of the National Fraud Initiative (NFI) linking the tenant to a live Council Tax Benefit claim in Coventry City Council. Mrs S had been a tenant since 2003. Investigations confirmed that the tenant purchased the Coventry property in 2008 and from documentation he had supplied the Coventry Council tax dept he had stated he had left the Harrow.

A visit was undertaken on the tenancy address and the tenant's daughter, son in law and child were found to be occupying. School

admissions in Harrow confirmed that the tenants two other children had left Harrow schools in 2008 and had transferred to Coventry.

The tenant was interviewed where he stated he was living at both properties and when informed that we would be issuing a Notice to Quit, he signed a form and surrendered the tenancy. He handed keys back in June 2011.

2.50 Mrs C – Kenton, HA3

Issue referred by Housing Management with concerns that the tenant was not occupying the property as neighbours had reported not seeing her there. The tenant was also attempting to assign the tenancy to a lodger. An unannounced visit to the address was conducted where the lodger was found in occupation.

The tenant was interviewed and whilst she claimed to still be resident she could provide no financial and medical documentation proving she resided. A Notice to Quit was prepared but the tenant surrendered the tenancy and handed keys back in May 2011.

2.51 Mrs L, Harrow, HA2

Issue identified by Housing Management with concerns that the tenant was often away in Wales. Mrs L had been a tenant since June 2010 after a mutual exchange took place from an address in Lambeth.

Following a detailed investigation, no trace could be found of any credit history for her at the tenancy address and examination of the application form she completed to mutually exchange raised suspicions that documentation had been altered to assist the move go through.

Evidence was also found that signatures on various documentation purporting to be from the tenant did not match up. She was traced to an address in North Wales where she was particularly credit active and where she had been on the voter's role since 2009.

A visit was conducted and the tenant's daughter in law was found to be in occupation and claimed that the tenant had gone away for a few weeks to look after her sick mother. The tenant was interviewed and claimed to be living at the tenancy address as her principal home. She could not provide answers as to why she was registered to vote elsewhere nor why all her financial business was also registered away from the Harrow address. A report was passed to housing management to issue notice.

She agreed to sign a tenancy surrender form and eventually handed the keys back in to the Council in June 2011.

- 2.52 Harrow Council has been allocated funding of £100,000 in 2011/12 and £100,000 in 2012/13 as part of the Preventing Homelessness area based grant to go towards housing fraud initiatives.
- 2.53 The grant however is not ring fenced and whilst an extra £100,000 has been awarded to tackle housing tenancy fraud, a decision on the allocation of this funding has still to be made.
- 2.54 Harrow welcomes this additional funding to tackle this area of fraud and the CAFT strongly supports the continuation of the dedicated Investigation Officer post past the initial 12 month contract which will end in January 2012.

Blue badge fraud and misuse - Operation Foxglove

- 2.55 Officers from the CAFT, Greenhill Safer Neighbourhood Team and Parking enforcement executed Operation Foxglove on 25th May 2011 to crackdown on disabled blue badge misuse. The operation was successful and out of 43 persons audited, 13 were found to be misusing the badge. All were issued with a Penalty charge Notice and will be interviewed in the coming weeks and a decision made on what further action is to be taken against them.

Information Management

- 2.6 Poor data security control is a serious, widespread, high-impact financial and reputational risk to the Council. The information Commissioners Office (ICO) now has powers to impose substantial fines on organisations that 'deliberately' or 'recklessly' commit serious breaches of the DPA. The maximum fine the ICO can impose has now been set at £500,000.
- 2.61 On 24 November 2010, the Information Commissioner issued his first monetary penalty (£100,000) to Hertfordshire County Council. To date another 3 Councils have been fined (Ealing £80,000, Hounslow £70,000 and Surrey CC £120,000). These high profile and highly publicised incidents have prompted management and audit committees in many local authorities to increase their focus on the risk of data loss and theft and to ensure that the risk is adequately managed.
- 2.62 Risks include the possibility of IT systems being compromised, data being lost, damaged, unavailable or unlawfully disclosed to unauthorised persons and of course the adverse national publicity this could cause.
- 2.63 The Council has acknowledged that information management is an area of importance and as such has created an Information Management Team (IMT) to be responsible for the overall management of data security to ensure that the information needs of

the Council are met, and complies with legislative requirements. IMT manage and develop security policies to implement an Information security strategy across the Council and co-ordinate 'virtual' teams of FOI/DPA/EDRMS champions to be consistent with their approach.

2.64 The Service Manager, Information Management also has responsibility for data protection including:

- The provision of data protection awareness for staff within the Council (aided by the council's Legal department);
- The provision of information security training (aided by e-learning tool);
- The development of best practice guidelines;
- Carrying out compliance checks to ensure adherence throughout the Council with the Act;
- Provision of professional support, updates and advice to officers on data protection and related matters;
- Notification to the Information Commissioner.

2.65 IMT is assisting Capita in implementing an ongoing programme of work using the Council's workflow platform, Civica. The principles underpinning this project are to modernise and standardise processes to help the council deliver more efficient services to customers and to build an IT platform which can be extended to other services areas for transformation and information sharing.

2.66 EDRMS (Electronic Documents and Records Management System) is the technology being utilised to achieve this project. The Document & Records Management Systems Officer (within IMT) provides corporate first line application support for Civica W2 Document Management & Workflow system and the EDRMS.

2.67 The Document & Records Management Systems Officer also acts as systems consultant / project manager to Council staff in areas where the system is being rolled out to new areas, as well as responsibility for the coordination and implementation of new system releases & patches, ensuring all work is coordinated with relevant existing user departments and by the set deadlines to minimise disruption to users.

2.68 Information Architecture requires a hands-on functional specialist to manage the file structure in the EDRMS and develop it as new services are incorporated. This role (Information Architect) within IMT has taken the lead on Document and Records Management across the Council by providing professional expertise and experience in the areas of Information Architecture, Retention and Destruction Policy, and wider related areas of Information governance.

Progress in quarter 1 was specifically around the following:

- Working with our Capita partners to ensure that the suite of corporate data security policies and the associated protocols are imbedded in Capita's data security plan as part of the new ITO contract.
 - Finalising implementation of the new DPA / FOI tracking IT system across Council;

Work Stream for the remainder of 2011/12:

- Assist all Directorates to undertake their yearly review of their Information Asset Register and Information Risk Action Plan, which in turn will enable IMT to formulate a revised corporate information asset register and ensure Information Risk Action Plans are in place;
- Data gathering exercise to enable implementation of information classification across the Council. The Council must also be able to share information (including personal data) confidently knowing it is reliable, accessible, and protected against agreed standards irrespective of format or transmission method.
- Develop a council record and document retention schedule in order to protect council records from erroneous destruction;
- Roll out on-line and classroom based training to ensure a consistent and secure approach to Information Security across the Council;
- Protocols for information security with 3rd parties. Data protection and privacy issues to be imbedded in contracts, IT support and strategic partner agreements.
- Data Security Leavers Protocol i.e. Return of USB fobs, RSA tokens etc. This is to ensure that Council Information Assets are protected at all times.
- Information Architecture – Subject to approval, work with Capita to develop and implement a Corporate Information Architecture to be used for the Mobile and Flex corporate project.
- To enable Civica to function as intended, a Civica development program will be put in place and will include providing support to the business support project, migration work due to ITO contract and possible Civica version updates.

Health & Safety

2.7 Background

Following the annual report issued to the GARM Committee on the 28th June 2011, this summary provides an update on progress made since April 2011.

2.71 External Assurance

Following on from the three Improvement Notices issued in June 2010 the Health and Safety Executive have been kept updated on progress made in the management of asbestos in both schools and corporate properties. The scheduled revisit by the HSE Inspector to review health and safety auditing arrangements has not taken place so far.

2.72 Improvement Plan

Following CSB's endorsement of the two year improvement plan in April 2011 the implementation of the plan is underway and progress is reviewed at the quarterly Corporate Health and Safety group meetings.

2.73 Policy & Guidance

The review of the health & safety policies and procedures continues. The following documents are currently being consulted upon for approval at the next Corporate Health & Safety Group:

- Health and Safety Policy
- Consultation & Communication
- Educational visits
- Legionella Policy & Code of Practice
- First Aid

2.74 Health & Safety Groups

The health and safety groups continue to meet every quarter or every school term. In order to ensure effective communication consultation is currently taking place on synchronising meeting dates to ensure effective escalation of health and safety risks.

2.75 Inspection & Audit

The procurement process for purchasing an e-audit tool has been completed and the process for delivering the audit tool has now commenced. The audit questionnaire has been populated with the relevant questions to determine compliance with health and safety legislation and a trial is nearly complete in the Community and Environment Directorate. A communications plan is now in place to deliver the audit tool across the council, which includes presentations at Divisional Management Team meetings and at the Managers' Forum.

2.76 Training

A review of the delivery of health and safety training has commenced and the service is internally reviewing e-providers. The service has continued to provide in house training in line with the training matrix and is focussing on delivering premises management training to managers with responsibility for corporate and adults & housing stock.

2.77 Educational Visits

The service has continued to review the assessments for school trips, assessing over eighty trips since April 2011.

The government has issued new guidance for educational visits, reducing the guidance note from 150 pages to 8 in order to simplify the process. As a consequence the Health & Safety will need to revise its documentation to reflect the government guidance.

2.78 Occupational Health

Santia continue to be the Occupational Health provider for the council. The planned developments for the introduction of online pre-employment assessment and online referrals are still ongoing and schools continue to be the highest user of the service in relation to work health assessments and sickness absence management.

2.79 Health Promotion

A men's health day was organised at the depot in June 2011 to promote healthy eating and awareness of topics such as prostate cancer. A further health day is currently being organised for October 2011.

2.80 Employee Assistance Programme (EAP)

First Assist continue to provide the EAP service to the council. Usage of the service has significantly increased in the first quarter of the year in comparison to the previous quarter although it still remains relatively low with only 51 calls for telephone counselling during this quarter.

2.81 Accidents

The number of accidents has continued to increase when compared to the quarter 1 in 2010/11. As stated in the annual report this is expected with the introduction and promotion of new systems for accident reporting. However we still expect this trend to continue as we have been made aware in a number of health & safety meetings of the non reporting of incidents. Positive promotion of the new systems will therefore continue.

There were ten HSE reportable employee accidents during quarter 1 of 2011/12. Only one of these incidents was designated as a major reportable incident when an employee fell down some stairs chipping a bone and a tooth.

2.82 Changes in Legislation

There is a potential change to the asbestos regulations, with the European Commission asking for changes with respect to activities currently listed as non-notifiable. The potential changes would mean that short, non-continuous

maintenance activities and the removal of materials in which the asbestos fibres are firmly linked in a matrix would become notifiable to the HSE. These changes may be implemented in October 2011 or April 2012.

2.83 Restructure

The process for delivering a restructure and building an in-house health and safety service is currently underway and has reached the consultation stage.

Section 3 – Further Information

3.1 None.

Section 4 – Financial Implications

4.1 The work of the Risk, Audit and Fraud division is carried out within the budget available and supports the achievement of financial objectives across the council.

Section 5 – Corporate Priorities

5.1 Collectively the division contributes to the delivery of all the corporate priorities through supporting the council as a whole to achieve their targets and objectives.

Name: Steve Tingle	<input checked="" type="checkbox"/>	On behalf of the Chief Financial Officer
Date: 17 th August 2011		

Section 6 - Contact Details and Background Papers

Contact: David Ward Tel: 020 8424 1781
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Background Papers: None