

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 22/06/2021

Subject: Corporate Anti-Fraud Service Annual Report – 1 April 2020 to 31 March 2021

Report of: David Hughes, Director for Audit, Fraud, Risk and Insurance

Responsible Director: Director for Audit, Fraud, Risk and Insurance

Summary

The Council takes its responsibilities to protect the public purse very seriously and is committed to protecting the public funds that it administers. This report provides an account of fraud-related activity carried out during the past year to minimise the risk of fraud, bribery and corruption occurring within and against the Council.

Work is undertaken by the Corporate Anti-Fraud Service (CAFS). They provide a complete, professional counter fraud and investigation service for fraud attempted or committed against the Council and reinforces the Council's commitment to preventing, detecting and deterring fraud and corruption.

For the period 1 April 2020 to 31 March 2021, CAFS identified 95 positive outcomes. Fraud identified has a notational value of over £750,000.

Recommendation

For the Committee to note and comment on the report.

Wards Affected: None

H&F Values

Please state how the subject of the report relates to our values – delete those values which are not appropriate.

Our Values	Summary of how this report aligns to the H&F Priorities
Being ruthlessly financially efficient	CAFS supports the Council in its statutory obligation under Section 151 of the Local Government Act 1972 to protect public funds and have an effective system of prevention and detection of fraud and corruption. Where financial loss has been identified due to fraud, we will always seek to recover this loss either through the civil or criminal process.

Contact Officer(s):

Name: Andy Hyatt
Position: Head of Fraud
Telephone: 020 7361 2777
Email: andy.hyatt@lbhf.gov.uk

Background Papers Used in Preparing This Report

None

INTRODUCTION

- 1.1. This report provides an account of fraud-related activity undertaken by the Corporate Anti-Fraud Service (CAFS) from 1 April 2020 to 31 March 2021 to minimise the risk of fraud, bribery and corruption occurring within and against the Council.
- 1.2. CAFS remains a shared service providing the Council with a complete, professional counter-fraud and investigation service for fraud attempted or committed against the Authority.
- 1.3. All CAFS work is conducted within the appropriate legislation and through the powers and responsibilities as set out within the financial regulations section of the Council's constitution. CAFS ensures the Council fulfils its statutory obligation under the Local Government Act 1972 to protect public funds and have an effective system of prevention and detection of fraud and corruption.
- 1.4. The report also details activity and performance against the Council's Anti-Fraud and Corruption Strategy to assess its effectiveness, highlights some of the current and emerging areas of fraud risk, including those related to the COVID-19 pandemic, and provides an overview of the Council's arrangements to minimise the risk of fraud.
- 1.5. During the financial year 2020/21, CAFS investigated 426 cases, including 289 new referrals, and concluded 165 investigations. A conclusion ranges from a successful prosecution, through prevention activity, to action that deters fraud or no further action where there is no case to answer.
- 1.6. The table below shows this activity and details the fraud types.

Activity	Cases	Fraud types	Closed	Live
Live cases as at 01/04/20	137	Tenancy & Housing cases	77	212
New referrals received	289	Internal Staff	5	4
Closed investigations (Positive outcome 93)	165	High/Medium risk fraud	63	14
		Low-risk fraud	20	22
Live cases as at 01/04/21	261	POCA	0	9

- 1.7. For the period 1 April 2020 to 31 March 2021, CAFS identified 93 positive outcomes. The fraud identified as a notational value of over £750,000 and is detailed in the following table.

Activity	2019/20		2020/21	
	Fraud proved	Notional Values (£'s)	Fraud proved	Notional Values (£'s)
Housing Fraud	6	3,000	4	6,560
Right to Buy	6	12,000	1	3,500
Advisory Reports (pro-active)	9	23,500	7	27,000
Prevention subtotal	21	38,500	12	37,060
Tenancy Fraud (Council and Registered Providers)	34	430,600	6	100,500
Internal Staff	10	64,000	11	38,500
Discretionary Business Grant (COVID Support)	n/a	n/a	46	460,000
High/Medium risk fraud (e.g. NNDR, Procurement, Blue Badge)	8	6,000	9	86,040
Low-risk fraud (e.g. Freedom passes, Council Tax SPD)	20	22,992	8	5,267
Detection subtotal	72	523,592	80	690,307
Fraud loss recoveries [incl. Proceeds of Crime]	10	197,695	1	25,000
Prosecutions	1	15,000	-	-
Deterrence subtotal	11	212,695	1	25,000
Total	104	774,787	93	752,367

WHISTLEBLOWING

- 2.1 The Council's whistleblowing policy continues to be the primary support route for staff wishing to report a concern.
- 2.2 Since April 2020, CAFS received just one new referral, which was closed following a fact-finding investigation that could not corroborate the allegation's content.

Allegation	Outcome	Case status
2019/20		
i. Codes of conduct and conflict of interest	The fact-finding investigation found no evidence to substantiate the allegation.	Closed

ANTI-FRAUD AND CORRUPTION STRATEGY

- 3.1 The Council's Anti-Fraud & Corruption Strategy 2020-2023 is based on five key themes: GOVERN, ACKNOWLEDGE, PREVENT, PURSUE and PROTECT.

- 3.2 The Strategy is designed to heighten the Council's fraud resilience and demonstrate its protection and stewardship of public funds. It contains an action plan to provide management with a tool to ensure progress and transparency regarding counter-fraud activities.
- 3.3 The table in **Appendix 1** details CAFS counter-fraud activities against strategic objectives of the Council's Anti-Fraud and Corruption Strategy. It demonstrates how the work of CAFS aligns with the Strategy and contributes to the Council's fraud resilience.

i) GOVERN

A robust framework of procedures and policies

- 4.1 Minimising any losses to fraud and corruption is an essential part of ensuring that all of the Council's resources are used for the purposes for which they are intended and ensuring we remain ruthlessly financially efficient.
- 4.2 Staff are often the first to spot possible cases of wrongdoing at an early stage and are therefore encouraged and, indeed, expected to raise any concern that they may have, without fear of recrimination. Any concerns raised will be treated in the strictest confidence and will be appropriately investigated.
- 4.3 Therefore, anti-fraud policies must be kept up to date to support and guide Council staff, ensuring compliance with laws and regulations, guiding decision-making, and streamlining internal processes. As such, anti-fraud policies are regularly reviewed, revised and presented to the Audit and Pension Committee for annual review and approval.

ii) ACKNOWLEDGE

Committing support and resource to tackle fraud

- 4.4 A vital element of a counter-fraud strategy is the ability of an organisation to call upon competent, professionally trained officers to investigate suspected fraud. Through the resourcing and support for CAFS, the Council demonstrates it is committed to tackling fraud.
- 4.5 During the year CAFS successfully applied for membership to the Government Counter Fraud Profession (GCFP). LBHF was one of only 24 councils (12 from London) to attain membership to GCFP successfully.
- 4.6 Although this is a Central Government initiative led by Cabinet Office, LBHF was involved in the profession's development. Through engagement and consultation, we helped shape local authority fraud standards and contributed to the design of the investigator competencies, ensuring they were suitable for local authorities investigators.

- 4.7 The collective membership process included evidencing counter-fraud policy and procedures, staff competencies, suitable methods to review and assess staff training, and a commitment to personal development. The final stage of the process was a peer review by colleagues from the London Borough of Brent, who gave CAFS a top score across all aspects.
- 4.8 CAFS undertook a procurement and installation process for a case management system. The process identified a suitable system through the Government Digital Marketplace. CAFS found it to have improved functionality and, per our values of being ruthlessly financially efficient, a small financial saving of £4,000 per annum.
- 4.9 The system has been installed, legacy data transferred and integrated. All members of the service have positively received it.

iii) PREVENT

- 4.10 In addition to the specialist investigative role, CAFS continue to provide advice and support across the organisation, including the Council's partners and contractors.
- 4.11 This type of advice and support is essential during emergencies such as a pandemic when the fraud threat is higher than at other times for some services. For example, the Business Rates Team and the Business and Enterprise Team processing COVID Business Grants.

COVID-19 Counter Fraud Work

- 4.12 Throughout, CAFS has been available to support services impacted by COVID-19, especially at the design stage of new policy and procedures linked to the distribution of funding, services or supplies.
- 4.13 During the start of the lockdown, the Council needed to redeploy staff to assist with other work areas. In some instances, this meant providing redeployed staff with access to confidential systems they would not usually use—for example, the highly sensitive DWP Searchlight system. Access was needed for use by officers redeployed to the Registrars Service.
- 4.14 CAFS assessed the risk and advised that those redeployed would need to understand their responsibilities, including the strict rules they must adhere to when using Searchlight. To support this, CAFS redesigned a Confidentiality Agreement document to meet the specific legislative user requirements for the redeployed officers and provide management with the assurance that the new users understood their responsibilities.
- 4.15 CAFS has also provided investigative support throughout the pandemic to check the eligibility of applications for the Local Authority Discretionary Grants Fund. The fund aimed to support small and micro businesses that were not eligible for the Small Business Grant Fund or the Retail, Leisure and Hospitality Fund. Grants were

capped at £25,000, although depending upon the business, smaller grants could be administered.

- 4.16 Investigators worked closely with the Business and Enterprise Team to conduct preliminary checks where the team had raised concerns regarding applications and verify the details provided by the businesses applying.
- 4.17 The Business and Enterprise Team referred irregular business grant applications to CAFS. Following pre-payment investigations, 46 were refused as ineligible.
- 4.18 Some examples for refusing applications include;
- Business not having a significant drop in income - In one example, the CAFS investigation found the business accounts were not up to date or available to verify financial standings despite the application claiming a significant loss since lockdown.
 - False application – an application submitted from someone claiming to be the director of a local business. Checks revealed the person named had resigned from the company in 2016, and now someone had used their name to try to submit a false grant application.
 - Business exceeded the rateable value limit (£61,000 per annum) – one investigation revealed the monthly rent on the business premise was far more than the criteria limit.

Corporate Investigations

- 4.19 Corporate investigations cover a wide range of different counter-fraud activities, including, but not limited to, financial investigations, complex third-party fraud investigations, contractor or employee fraud, or actions and activities that contribute towards a practical assurance framework.
- 4.20 Since 1 April 2020, corporate investigation work has included:
- Many complaints regarding a local shop raised concerns, and CAFS undertook a fact-finding investigation to identify whether they were committing any serious types of fraud against the Council. The study was negative and provided assurances that no serious fraud was being perpetrated.
 - A successful investigation into the misuse of a personal care budget identified wrongful payment and significant overpayment.
 - A staff member was found to have misused their position to apply for information from another council they were not entitled to. The Council shared no communication with the officer. Following an investigation, the employee had breached the Codes of Conduct and was dismissed.

Housing/Tenancy Fraud

- 4.21 CAFS provides an investigative service to all aspects of housing, including requests for the succession or assignment of tenancies, allegations of subletting or other forms of tenancy breaches, as well as right to buys.
- 4.22 Achievements in this service area have been disrupted by the pandemic, where changes to legislation, per the Coronavirus Act 2020, and social distancing restrictions have affected the number of fraud recoveries CAFS can achieve.
- 4.23 Even with such disruption, between 1 April 2020 to 31 March 2021, CAFS managed to recover six tenancies and stop two fraudulent succession applications. One right to buy application was stopped during the same period, although applications have significantly reduced throughout the pandemic.
- 4.24 Properties recovered included three-bedroom properties, which are in high demand by families needing support and assistance. Full details of successful investigation activity regarding social housing are detailed in the table below.

Location	Postcode	Ward	Size (bedrooms)	Reason for recovery	Outcome
Ancill Close	W6	Fulham Reach	3	Succession	Property surrendered
Farm Lane	SW6	Fulham Broadway	1	Non-residency	Property surrendered
Linden Court	W12	Shepherd's Bush Green	2	Succession	Property surrendered
Norland House	W11	Shepherd's Bush Green	1	Subletting	Property surrendered
Bearcroft House	SW6	Town	1	Non-residency	Property surrendered
Bentworth Road	W12	College Park and Old Oak	3	Subletting	Court possession

Schools

- 4.25 CAFS provided support to School Administration, assisting them with verifying family residency concerning the school admissions process. The Council undertakes to carry out the address verification process per its admissions policy.
- 4.26 For secondary applications, 66 cases were referred to CAFS, where there were doubts over residency. The initial sift included the interrogation of Council datasets to verify residency. Three cases were recommended as rejection due to non-residency at the declared address.
- 4.27 For reception applications, 37 cases were referred to CAFS, and only one case was recommended as rejection due to non-residency at the declared address.
- 4.28 In a separate matter, fraudsters tried to scam several schools across the borough using an unsolicited goods fraud demanding payments. A referral to CAFS stopped

the scam, and CAFS disseminated a subsequent intelligence alert to all schools across the borough to alert them to the threat.

Fraud awareness training

- 4.29 A bespoke course entitled Personal Budgets and Fraud Awareness was assigned to staff in the Social Care department via the Council's Learning Zone's Assignment. Total completions for 2020/21 was 32 who also passed the knowledge assessment with an average score of 92% against a pass mark of 70%.
- 4.30 The second bespoke course entitled Right to Buy and Fraud Awareness was made available to the Economy department staff. Individual users must complete the course as instructed to do so by their line manager, who directly assigns it to those officers dealing with the right to buy process. Five officers have completed the training and the knowledge assessment with an average score of 100%.
- 4.31 In response to an audit recommendation regarding fraud awareness, the Benefits Service undertook an online course which concluded with a knowledge assessment to evidence learning. The evaluation aims to measure how well a learner has understood the course content and also help learners gauge their knowledge and learning progress. A total of 43 officers completed the course and learning assessment, scoring an average of 87% against a 70% pass mark.

iv) PURSUE

- 4.32 Stopping fraud and corruption from happening in the first place must be our primary aim. However, those who keep on trying may still succeed. It is, therefore, essential that a robust enforcement response is available to pursue fraudsters and deter others.
- 4.33 Since April 2020, CAFS was involved in two significant recoveries.
- The first involved support for the finance department in securing the recovery of a significant pension overpayment. CAFS provided help, advice and initial engagement with the former employee prompting a repayment agreement.
 - The second was the clawback of a wrongfully claimed small business grant of £25,000. The business had received the payment, but following the post-checking process, it transpired, they were not eligible to the payment. CAFS intervened and recovered the amount in full.

v) PROTECT

- 4.34 This aspect of the Strategy covers counter-fraud activity to protect public funds, protect the Council from fraud, and protect itself from future scams.
- 4.35 CAFS remains an active member of the National Anti-Fraud Network (NAFN). NAFN disseminate national fraud alerts, which CAFS circulates to the appropriate

departments. CAFS also offers support and advice to ensure proper action is taken in response to the warnings and protect the Council from fraud.

- 4.36 There has been a significant increase in alerts detailing fraudsters targeting NNDR accounts details using COVID as a ruse to harvest data and make a false grant application. The warnings included an ever-increasing list of fake email domains used and this valuable intelligence-enabled IT to block several fraudulent email addresses before they could attempt to scam the Council.

List of Appendices:

Appendix 1 – Progress against the Anti-Fraud and Corruption Strategy 2020-2023.

Appendix 2 – Counter-fraud activity, including notable cases.

CONSULTATION

- 5.1 The report has been subject to consultation with the Strategic Leadership Team.

EQUALITY IMPLICATIONS

- 6.1 There are no equality implications arising from this report.

LEGAL IMPLICATIONS

- 7.1 The work of CAFS is governed by a range of legislation, including: the Police and Criminal Evidence Act, the Criminal Procedures Investigation Act, the Regulation of Investigatory Powers Act, the Fraud Act, the Prevention of Social Housing Fraud Act and the Proceeds of Crime Act.

FINANCIAL AND RESOURCES IMPLICATIONS

- 8.1 Resources required to deliver on the Council's counter-fraud strategy come from the budget allocated to the Corporate Anti-fraud Service. There are no additional resource implications arising from this report. Successful investigations and prosecutions can lead to the recovery of Council assets and money which are required to protect front line services.

RISK MANAGEMENT

- 9.1 The delivery of the counter-fraud strategy and associated policies contributes to the management of fraud risks faced by the Council, with proactive exercises supporting managers to put effective counter fraud and corruption controls in place in their systems and processes.

STRATEGIC OBJECTIVE	2020/21 ACTIVITY
GOVERN	
<p>Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.</p>	<p>The Council establishes and communicates the framework of procedures and policies. Details of counter-fraud activity have been reported to the Audit and Pensions Committee twice this year [15 September 2020 and 1 December 2020], detailing performance and action in line with the Anti-Fraud and Corruption Strategy. Reports contained details of assurance work, significant cases and the level of fraud loss.</p> <p>The organisation ensures that fraud control activities are thoroughly documented and implemented through policies and procedures. CAFS has continued to review and promote the Council's suite of anti-fraud related policies and procedures. This ensures they remain "fit for purpose" and incorporate any legislative or regulatory changes.</p> <ul style="list-style-type: none"> • Anti-Fraud and Corruption Strategy <i>[September 2020]</i> • Sanction Policy <i>[September 2020]</i> • Anti-Bribery Policy <i>[June 2021]</i> • Money Laundering Policy <i>[June 2021]</i> • Fraud Response Plan <i>[June 2021]</i> <p>These policies are presented to the Audit Committee for review and approval.</p> <p>A review of the service is planned in 2021/22 to provide objective feedback on the effectiveness, investigation, time scales and the Anti-fraud and Corruption Strategy.</p>
ACKNOWLEDGE	
<p>Accessing and understanding fraud risks: identify and assess the Council's fraud risk exposure, the changing patterns in fraud and corruption threats and the potential harmful consequences to the authority.</p>	<p>CAFS has continued to review new and emerging fraud risks, including those related to the COVID-19 pandemic.</p> <p>All counter-fraud activity undertaken during the year is used to inform the fraud risk register and scores. Information is collated from individual case outcomes and proactive operations, service reviews and risk assessments. (see Appendix 2 detailing 2020/21 pro-active operations).</p> <p>CAFS demonstrated significant flexibility and innovation to ensure that they provided substantial support to the Council's response to the pandemic. COVID business grants were assessed to be an emerging risk area, and CAFS provided robust pre-assurance checks for the various streams of government grant funding provided for distribution to local business and the various discretionary schemes where businesses had to apply to submit evidence of hardship to obtain a grant.</p>

	<p>During the start of the lockdown, the Council needed to redeploy staff to assist with other work areas. In some instances, this meant providing redeployed staff with access to confidential systems they would not usually use. CAFS assessed the risk and advised that those redeployed would need to understand their responsibilities, including the strict rules they must adhere to when using the DWP Searchlight system. To support this, CAFS redesigned a Confidentiality Agreement document to meet the specific legislative user requirements for the redeployed officers and provide management with the assurance that the new users understood their responsibilities.</p> <p>CAFS also disseminate alerts regarding known fraud or emerging risks. For example, fraudsters tried to scam several schools across the borough using an unsolicited goods fraud demanding payments. CAFS disseminated a subsequent intelligence report to all schools across the borough to alert them to the threat. Additionally, throughout the year, there was a significant increase in alerts detailing fraudsters targeting NNDR accounts details using COVID as a ruse to harvest data and make a false grant application. CAFS circulated these.</p> <p>CAFS have well-established measurement criteria to calculate the value of preventative measures and the benefits of action and activities designed to deter potential fraud. CAFS has a detailed set of notional fraud values underpinned by a comprehensive handbook showing how CAFS has been calculated the economic loss due to fraud in many different and diverse areas of the Council. The handbook is currently being used as the starting point for the work being undertaken by a national working group trying to agree on a countrywide set of fraud values.</p>
<p>Committing the right support and tackling fraud and corruption.</p>	<p>The organisation needs to ensure counter-fraud specialists have the right skills commensurate with the full range of counter fraud and corruption activity. CAFS officers have embraced personal development throughout the year utilising the Council's Learning Zone to enhance their skills and their competencies and specialist counter-fraud courses, including data protection, anti-bribery, whistleblowing, and employment investigations.</p> <p>LBHF became one of the first local authorities to become a full member of the Government's Counter Fraud Profession, bringing together individual and organisational counter-fraud learning from across the public sector. All investigators and support staff are now members, with managers to follow in 2021/22. The collective membership process included evidencing competencies, suitable processes to review and assess staff training, and a commitment to personal development. A peer review from colleagues at the London Borough of Brent gave CAFS a top score across all aspects.</p>
<p>Demonstrating that it has a robust</p>	<p>CAFS will investigate allegations of fraud thoroughly and to the highest professional standards, where appropriate,</p>

anti-fraud response	seek the full range of civil, criminal and disciplinary sanctions and seek redress where possible.
Communicating the risks to those charged with Governance	<p>During the financial year 2020/2021, CAFS investigated 426 cases, including 289 new referrals, and concluded 165 investigations. CAFS identified 93 positive outcomes. Fraud identified has a notational value of over £750,000.</p> <p>Details of counter-fraud activity have been reported to the Audit and Pensions Committee twice this year [15 September 2020 and 1 December 2020], detailing performance and action in line with the Anti-Fraud and Corruption Strategy. Reports contained details of assurance work, significant cases and the level of fraud loss.</p>
PREVENT	
Making the best use of information and technology	<p>CAFS continue to explore new technological methods of fraud prevention/detection and is currently working with Business Intelligence to create a single view search facility. The system will improve the triage process of new referrals by significantly reducing the time officers take to interrogate multiple datasets and increase efficiency.</p> <p>CAFS continue to participate in the National Fraud Initiative (NFI) data matching exercise conducted by the Cabinet Office to assist in the prevention and detection of fraud. Some 1,200 participating organisations from the public and private sectors, including government departments, provide data for the NFI. The NFI compares data sets electronically, such as the council tax or tenancy records, against other records held by the same or another body to see how far they match. The data matching allows potentially fraudulent claims and payments to be identified.</p> <p>During the year, CAFS undertook a procurement and installation process for a case management system. The process identified a suitable system through the Government Digital Marketplace. The new system was found to have improved functionality and, per the Council's values of "ruthlessly financially efficient", a small financial saving of £4,000 per annum.</p> <p>CAFS try to continually develop analytics that allows the Council to detect potentially fraudulent transactions quickly. In February 2021, CAFS used anomaly detection analytic techniques to covertly investigate a serious allegation of abuse of position by searching datasets for potential fraud. Anomaly detection analytics identifies rare items or events that raise suspicions by differing significantly from most of the data. Typically, the unusual transactions will lead investigators to a problem such as fraud or error. It enabled the officer to review over a years' worth of transactions quickly and efficiently. However, in this instance, they found no anomalies or evidence of fraud.</p>
Enhancing fraud controls and	CAFS assess new and emerging fraud risks that may appear following significant changes to the Council's

<p>processes</p>	<p>operating environment, such as in the wake of COVID19 restrictions and lockdown. Identify revised fraud control activities linked to these changes and assesses their effectiveness. For example, they were working with the Business and Enterprise Team to understand the risks associated with COVID Business Grants or the Benefits Service to ensure controlled usage of the DWP Searchlight system.</p> <p>Risk reviews have included rent account refunds, personal budgets and concierge time recording. In each instance, the studies included a fraud control assessment which considered a wide range of possible fraud schemes and risk exposure. A final report provides management with details of the findings, assesses the level of fraud risk and makes recommendations to the service, if appropriate, on control improvements.</p>
<p>Developing a more effective anti-fraud culture</p>	<p>CAFS continually refresh and promote the Council's suite of anti-fraud related policies and procedures, using training to enhance understanding.</p> <p>CAFS also design and deliver fraud awareness training, including bespoke courses. Bespoke courses help employees better connect the messages of the training to their daily responsibilities. This type of anti-fraud training also helps staff identify suspicious activity and feel empowered to act against potential fraud. Three departments/teams completed fraud awareness courses in 20/21, which concluded with a knowledge assessment to evidence learning. The evaluation aims to measure how well a learner has understood the course content and also help learners gauge their own knowledge and learning progress.</p>
<p>Communicating its' activity and successes</p>	<p>Details of counter-fraud activity have been reported to the Audit and Pensions Committee twice this year [15 September 2020 and 1 December 2020], detailing performance and activity in line with the Anti-Fraud and Corruption Strategy. Reports contained details of assurance work, significant cases and the level of fraud loss.</p> <p>CAFS continue to build its intranet presence with a new Sharepoint site (intranet), providing details about the service and showcasing anti-fraud policies.</p> <p>Where fraud reviews identify areas for improvement, CAFS produces outcome reports and service reviews for management, highlighting the action taken to enhance or improve fraud controls.</p>
<p>PURSUE</p>	

Prioritising fraud recovery and use of civil sanctions	The Council's Anti-Fraud and Corruption Strategy includes the Sanction Policy, which sets out the Council's aims and objectives concerning tackling fraud and corruption. It states that we will seek the strongest possible sanction against any individual or organisation that defraud or attempt to defraud the Authority.
Developing capability and capacity to punish offenders	<p>CAFS also has an accredited Financial Investigator that enables the authority to recover funds via the Proceeds of Crime Act.</p> <p>CAFS ensures that all counter-fraud specialists have the right skills commensurate with the full range of counter fraud and corruption activity and can apply a full range of sanctions.</p>
Collaborating across departmental, geographical and sectoral boundaries	<p>CAFS has a memorandum of understanding (MoU) and protocols to facilitate joint working and to liaise proactively with organisations and agencies to assist in countering fraud, sharing resources, skills and learning, good practice and innovation, and information. In addition to the Council's data-sharing agreements with agencies such as the police or DWP. CAFS also have MoUs with UK Border Agency, HMRC and local Housing Associations.</p> <p>CAFS also became a full member of the Government's Counter Fraud Profession, bringing together individual and organisational counter-fraud learning from across the public sector.</p> <p>CAFS continue to actively maintain the authorities' membership of the National Anti-Fraud Network (NAFN) and the London Borough of Fraud Investigators Group (LBFIG).</p> <p>The Head of Service is an Executive Board Member of both NAFN and LBFIG, as well as the Vice-Chair of the Fighting Fraud and Corruption Locally Board, who author the national counter-fraud strategy for local authorities.</p>
PROTECT	
Recognising the harm that fraud can cause in the community.	CAFS continue to work closely with housing associations operating across LBHF, and similar stakeholders, to help them prevent and detect fraud at the earliest opportunity. Working with housing associations has helped prevent and detect fraud in social housing, protecting affordable housing units for the community.
Protecting the Authority and its' residents from fraud.	

Source	Fraud Review	Details	Risk
Risk Review	<p>Economy: Temporary Accommodation Rent Refunds</p> <p>To maintain fraud resilience, the Corporate Anti-Fraud Service must be alert to new and emerging fraud risks.</p> <p>In this instance, details regarding an insider fraud at another local authority, where a member of staff diverted refunds to their own account, raised risk levels across all services where repayments are made.</p> <p>CAFS undertook a risk review of the refund process to ensure adequate anti-fraud controls were deployed and functioning correctly.</p> <p>Perceived fraud risks included:</p> <ul style="list-style-type: none"> • False requests for refunds • Insider fraud <p>CAFS analysed a data set consisting of quantitative and qualitative data to highlight any anomalies, patterns or unusual trends.</p> <p>Strategic objective(s) of activity: Accessing and understanding fraud risks; Enhancing fraud controls and processes</p>	<p>Methodology</p> <p>A Duplication Analysis Methodology was applied to identify the frequencies amongst the quantitative values in the data. With the key focus being to recognise any correlations between Sort Codes, Account Numbers and Refunds.</p> <p>The duplicate data set was then dissected from the original data set. The data range distribution was used to identify accounts that had received the highest values of Rent Refunds. This also included identifying recurring Sort Codes and Account Numbers.</p> <p>A further cluster analysis was then conducted to identify and interrogate all accounts which had been refunded any value over £1,000.00 and multiple refunds made to the same bank details.</p> <p>Findings</p> <p>The risk review testing found no anomalies or transactional concerns that might indicate fraud.</p> <p>Anti-Fraud Controls</p> <p>Both preventative and detective controls were present and effective to ensure refunds were paid correctly. For transparency and completeness, it was recommended that the department introduce a Rent Refund Policy.</p>	<p>Fraud risk register</p> <p>LOW = 3</p> <p>Impact = Very low 1 [Very low financial loss, a small political risk with low media coverage; low reputational risk]</p> <p>Likelihood = Possible 3 [No occurrence in LBHF, but known incidents outside the organisation]</p>
Risk Review	Economy: Concierge service	Background	Fraud risk register

	<p>The concierge service provides security and monitoring, both on-site and via remote CCTV, across the Council's residential estates.</p> <p>The service covers seven sites over four estates, and three of these sites are required to have a 24-hour cover.</p> <p>Maintaining an effective service can be complex and resource-intensive, and the service currently relies upon agency staff and officers working overtime to support the service.</p> <p>Fraud risks include;</p> <ul style="list-style-type: none"> • Management has not established procedures to monitor employee overtime claims. • Management fails to perform supervisory reviews of employee timesheets. • Processes fail to contain detection/prevention controls to identify false claims or overclaiming. <p>Strategic objective(s) of activity: Accessing and understanding fraud risks; Enhancing fraud controls and processes</p>	<p>A recent spike in budgetary commitments led CAFS to undertake a review of the salary budget and hours claimed to assess the adequacy and effectiveness of internal controls with emphasis on overtime.</p> <p>Findings</p> <p>The review found that the service has a process in place to manage shift cover and overtime and that it has been communicated to the team, providing defined roles and responsibilities concerning the management of shift cover.</p> <p>The manager and supervisors meet regularly to oversee rotas, agree on shift patterns, review shift cover procedures and overtime claims. Overtime reports are produced periodically to inform the manager and monitor overtime expenditures.</p> <p>At the beginning of each shift, supervisors undertake spot checks to ensure individuals are starting on time, and the CAFS review found evidence of corrective measures being taken and reported to senior management.</p> <p>Anti-Fraud Controls</p> <p>Overall CAFS, was satisfied that the review provided assurance that adequate controls exist to monitor the accountability of the service, ensure shifts are fulfilled. Processes in place to review and approve overtime.</p> <p>The service has been reliant on agency staff, and there is a high number of vacancies. However, management has begun to address this, and this action has already projected a significant reduction in overtime expenditure.</p>	<p>Risk score</p> <p>LOW = 4</p> <p>Impact = Very Low 1 [Very low financial loss, a political risk with very low media coverage; low reputational risk]</p> <p>Likelihood = Likely 4 [Incident within last two years – although controls detected & prevented]</p> <p><i>Previously: Unable to assess</i></p>
Risk Review	Adult Social Care: Personal Budgets	Findings	Fraud risk

	<p>Direct Payments were introduced to ensure persons assessed as having suitable needs could receive funds directly to pay for their care needs.</p> <p>When a Service User receives Direct Payments, they are responsible for organising how their care is delivered to meet their assessed eligible needs. Direct Payments can be made into a specific bank account set up for that purpose or by a Pre-Paid Card in the service user's name.</p> <p>A risk review was undertaken to ensure payments were being monitored correctly by the service and funds were being used by clients for their correct purpose.</p> <p>Strategic objective(s) of activity: Accessing and understanding fraud risks; Enhancing fraud controls and processes</p>	<p>CAFS found a standard operating procedure (SOP) supported by a written policy to guide staff. The procedure includes a review of client expenditure every quarter using specifically designed forms.</p> <p>Forms are sent to clients for them to complete, and upon their return, the team update a monitoring spreadsheet and review whether an underspend is present or not.</p> <p>CAFS found several forms had not been returned, but this was due to the pandemic and shielding clients who have not been able to get out to return the details.</p> <p>Anti-Fraud Controls</p> <p>CAFS found that the quarterly monitoring procedure failed to ask all clients for evidence of personal budget expenditure, i.e. sight of bank statements, and instead only asked a 10% sample to provide account evidence. CAFS deemed too small in relation to the overall expenditure and advised to increase the sample size, with every client providing their bank statements at once per year.</p> <p>The Direct Payments Team are also advised to encourage reviewing officers to undertake fraud awareness training that will raise their awareness on detecting anomalies when checking bank statements and will also make the overall review process more robust.</p> <p>Both recommendations were agreed upon, and training has been undertaken. The success of the training has led to the fraud awareness course being rolled out to a wider audience, beyond just the personal budget team, within ASC.</p>	<p>register</p> <p>LOW = 3</p> <p>Impact = Very low 1 [Very low financial loss, a small political risk with low media coverage; low reputational risk]</p> <p>Likelihood = Possible 3 [No occurrence in LBHF, but known incidents outside the organisation]</p>
Special Operation	Private Care Provider	<p>Background</p> <p>Residents who require long term community care and support</p>	N/A

	<p>Intelligence from another London borough raised possible concerns regarding a specific private care provider operating in LBHF.</p> <p>The information suggested possible misuse of funds and concerns regarding the amount of care received by clients.</p> <p>Strategic objective: Protect: Protecting the residents from fraud and preventing the harm that fraud can cause in the community.</p>	<p>often choose to receive a sum of money to pay for their care directly from a private care provider.</p> <p>Methodology</p> <p>An interrogation of the data identified ten clients linked to the care provider and working in partnership with Safeguarding Officers; each one was reviewed in detail. This included careful analysis of the care packages provided, the clients' financial records, and an informal discussion with each client.</p> <p>Findings</p> <p>The reviews found no cause for concern regarding the care and support provided, and there was no evidence of any safeguarding issues regarding the vulnerable residents.</p> <p>There was no evidence of wrongfully claimed care or support and no evidence to suggest the clients or care provider misusing the financial care packages.</p> <p>The review included an up to date assessment of client needs. In one instance, this identified the need to increase the care package by a few hours per week, while another client required a reduction in hours.</p> <p>Outcomes</p> <p>The review has assured that the concerns raised were unfound, and the care package adjustments identified a net annual saving of £4,565.</p>	
<p>Fraud Awareness</p>	<p>Benefits Service – Fraud Awareness</p>	<p>In response to an audit recommendation regarding fraud awareness, the Benefits Service undertook an online course which concluded with a knowledge assessment to evidence</p>	<p>N/A</p>

	<p>As CAFS build fraud resilience, it is essential that we continually refresh and promote the Council's suite of anti-fraud related policies and procedures, using training to enhance understanding and raise awareness.</p> <p>Strategic objective: Developing a more effective anti-fraud culture</p>	<p>learning. The evaluation aims to measure how well a learner has understood the course content. Additionally, these assessments also help learners gauge their own knowledge and learning progress.</p> <p>The course was bespoke for the Benefits Service, having been designed and written by CAFS.</p> <p>Role-based training helps employees better connect the messages of the training to their daily responsibilities. This type of anti-fraud training also helps staff identify suspicious activity and feel empowered to act against potential fraud.</p> <p>The course highlighted general fraud risks experienced by local authorities and the consequences of fraud on the Council and the wider community.</p> <p>It then focused on benefit fraud, the risks, the fraud types and fraud indicators so officers can remain vigilant in how to spot fraud and how to prevent fraud. The course also provided clear advice on what officers should do if they suspect fraud and make referrals.</p> <p>A total of 43 officers completed the course and learning assessment, scoring an average of 87% against a 70% pass mark.</p>	
--	--	--	--

	Case Description
--	-------------------------

<p>1.</p>	<p>TENANCY FRAUD – CAFS received a referral suggesting that the tenant of a one-bedroom property in Farm Lane, SW6, had not lived in the property for some time. The information contained in the referral was corroborated when initial checks linked the tenant to an address in Ealing.</p> <p>Visits to the property were unsuccessful, and officers received no responses. However, officers spoke to residents in the area, who all confirmed that the tenant was not using the property. They said he was not living there, and one went on to say that they could see into the garden and that it was unkempt and overgrown.</p> <p>Enquiries linked the tenant to an address in the London Borough of Ealing. Further evidence also confirmed this, including checks of the tenant’s freedom pass and travel data. This data corroborated the Ealing link with all journeys made from within the London Borough of Ealing.</p> <p>During a break in restrictions, the tenant was interviewed. The collated evidence was shown to him, and he confirmed that he was spending most of his time away from the flat and stayed with a family member in Ealing.</p> <p>Based on the documents that were shown to the tenant, he decided that it would be in his interest to surrender the tenancy and signed a surrender tenancy form.</p>
<p>2.</p>	<p>SUCCESSION – Following the death of a tenant who lived in a two-bedroom property in Frithville Gardens, the Council received an application for succession from a family member. Council records suggested that the tenant was recorded as living alone, and there was no reference to anyone else living at the address. The Housing department duly referred the matter to CAFS.</p> <p>The applicant stated that they had lived at the property since 2018; however, a check of financial information, including mortgage details, linked the subject to a property near Colchester. Their residency here was further confirmed by the HM Land registry and Suffolk County Council.</p> <p>CAFS findings were passed to Council’s legal department, but before any summons could be issued, the applicant handed back the keys to the property.</p>

3.	<p>SCHOOLS SCAM - Fraudsters were thwarted when they tried to scam several schools across the borough using an unsolicited goods fraud demanding payments. A referral to CAFS stopped the scam, and CAFS disseminated a subsequent intelligence alert to all schools across the borough.</p> <p>This type of scam revolves around unsolicited goods and an expectation that payment will be made for the item(s) without any questions being asked by school staff. The goods are usually items of no value, such as an old DVD or a leaflet, and the invoice, which arrives a few months later to ensure memories are a little blurred, is for an amount that far exceeds the value of the goods.</p> <p>The invoices' details are never traceable and include an unregistered mobile phone number, a fake email address and a postal mailbox address.</p>
4.	<p>SUCCESSION – The tenant of a three-bedroom property in Ancill Close died in 2019, and the Council received an application for succession from a family member. A previous succession occurred in 2003; therefore, the applicant was considered for a discretionary tenancy award.</p> <p>Council records suggested that the tenant was recorded as living alone, and there was no reference to anyone else living at the address. The matter was duly referred to CAFS.</p> <p>Notes on the housing file suggested the tenant had tried to apply for a mutual exchange with another family member. This gave investigators a possible lead to identify where family members were living before the tenant's death.</p> <p>The investigation found the applicant linked to addresses in Glenthorne Road and one in Willesden Junction.</p> <p>In January 2020, the applicant was interviewed under caution but denied that they had never lived at the Ancill Close address. They said they registered their financial details at the Glenthorne Road address because it was closer to the bank. However, from Ancill Road to Glenthorne Road, the applicant would pass the bank on the route.</p> <p>Shortly after the interview, the deceased's family contacted the housing officer and agreed to return the keys to Ancill Close and vacate the property. However, the family delayed in returning the keys, submitting complaints to the local MP, which were unfounded.</p> <p>In June 2020, they eventually returned the keys to the property, and the tenancy was ended.</p>

5.	<p>PERSONAL BUDGETS – CAFS received a referral via fraud hotline alleging that a resident in Aintree Estate was exaggerating their disability and misusing their direct payments.</p> <p>The initial enquiries by CAFS revealed many bank accounts held by the subject and also alternative names used by the subject.</p> <p>Following an initial visit to the client where a consensual agreement was signed, bank statements for the client's accounts were obtained. These showed a pattern of personal expenditure and confirmed that not all of the client's care budget was being used appropriately. However, the account statements showed cash withdrawals and regular payments made to many food outlets and food delivery companies.</p> <p>Over a six years period, it was clear that not all the care package had been spent on support. Following account analysis by the adult social care finance team, a significant overpayment was created to repay the client in full.</p> <p>Criminal charges were considered, but the case failed the public interest test due to the client's age and vulnerabilities, following the Code for Crown Prosecutors.</p>
6.	<p>COVID GRANT REVIEW - Discretionary grant application received from a business claiming to operate Boscombe Road, W12. The documentation supplied in support of the application was checked by an investigator, but they found anomalies regarding the rental agreement.</p> <p>Interrogation of Council records showed that the address appeared to be residential property split into several units. This also showed several different residents in the building.</p> <p>The rental agreement failed to denote the actual flat number, and checks on the bank statements failed to identify evidence of rent payments or any other business expenditure or liabilities being paid through the account.</p> <p>Finally, open-source enquiries failed to find any information to show the business was operating and the grant was deemed ineligible.</p>