

AUDIT AND PENSIONS COMMITTEE

8 December 2011

CONTRIBUTORS

Head of Fraud
Service
Chief Internal Auditor
Director of Finance

**Corporate Anti Fraud Service Report 1
April to 30 September 2011.**

The report updates on progress on delivering Corporate Anti-Fraud Service service plans in quarters 1 and 2 of the 2010-11 year, including key results of the work undertaken and the level of performance achieved.

WARDS

All

RECOMMENDATION:

Note the content of this report and the work of the service.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	Corporate Anti Fraud Service operational investigation files and performance reports	K Quinn 2551	Corporate Anti Fraud Service, 4th Floor, Town Hall, Hammersmith



Hammersmith & Fulham Council

Corporate Anti Fraud Service

**Corporate Anti Fraud Service Report
1 April to 30th September 2011**

Management Summary

1. This report details the counter fraud work undertaken during the first two quarters of the financial year to 30th of September 2011, by the Council's Corporate Anti Fraud Service (CAFS).
2. Performance is measured in numbers of sanctions (prosecutions, penalties, formal cautions or other action taken directly) delivered. CAFS has delivered 76 sanctions (including 10 prosecutions) in the first half of the year.
3. The service has also recovered £235k to the council from its operations so far this year. Applying the Audit Commission's recommended values for property recoveries, as well as calculating the value of overpayments generated and penalties applied to offenders, the value of CAFS work to the council for the first half year stands at £3.6 million, against an annual projected operating cost of £695k. These figures exclude the £47k we have also paid out to both the police and to the CDRP (Crime & Disorder Reduction Partnership).
4. A full re structure of the service took place at the start of the year which has incorporated the reduced unit resources available, which has resulted in a higher percentage of resources being put into investigation.
5. We are working closely with Housing & Regeneration Department to review how tenancy fraud can be better addressed including using the council's internal data more effectively and joining up the process of investigation between housing and the CAFS unit
6. Joint working with the police continues aimed at targeting known criminals, we have approximately 15 joint cases live at this time. Discussions are now starting on expanding coverage of this programme to include problem residents using wider council data.

1. Introduction

- 1.1 The service provides a full, professional counter fraud and investigation service for fraud attempted or committed against the council. It is an intelligence led operation covering 3 areas. These are corporate fraud, which also includes our proactive response and our financial investigators, Benefits fraud and a Housing fraud. We work closely with other law enforcement units including the Met Police and UKBA. The unit also successfully manages the National Fraud Initiative programme on behalf of the council.

2. Performance

- 2.1 CAFS has delivered 76 sanctions in the first half of this year, including 10 prosecutions, against a mid-year target of 60. The full set of performance figures are provided at Appendix 1, **Figures 2** and **3** show the outturn for Quarter 1 and Quarter 2, for each type of fraud, and by sanction delivered.
- 2.3 The unit has introduced a pro-active projects programme for the first time this year. The research involved in these projects and their results, along with other intelligence, will help to inform our future business planning. It is hoped it will also attract new business to the service and create a better informed fraud risk register.

Tenancy Fraud

- 2.4 The funding to investigate tenancy fraud has been reduced this year, mainly through the withdrawal of funds from central government and from other departments. A housing fraud steering group has been formed comprising of the Interim Assistant Director for Housing services, the Chief Internal Auditor and the Head of the Corporate Anti Fraud Service. This group will provide a strategic overview of tenancy fraud and has developed a plan to address fraud related issues in housing on a pro active basis. This will help ensure the best use of resources and the targeting of high risk areas.

- 2.5 DCLG funding for two years of £200k plus some additional funding from housing is currently subject to the bidding process in order that the project can be adequately resourced to produce the best value for the council. A data matching exercise in partnership with a private company will ensure intelligent use of the information the council already holds.

Corporate fraud

- 2.6 There has been an upsurge in referrals needing CAFS intervention at the same time that there has been a reduction in resource undertaking this work. We have received permission to recruit a temporary member of staff to assist in clearing the backlog until 31/03/2012.
- 2.7 The Proactive Officer has a full timetable of projects and is actively testing areas of concern to better inform the risk register and to more effectively target the valuable resources of the unit. Their work will better inform our work going forward and should provide us with innovative opportunities for new work within the council as well as joint working with other boroughs and law enforcement agencies.
- 2.8 One officer is currently fully accredited to undertake financial investigations, two others are partially accredited. This provides LBHF with the ability to launch out own financial investigation under the POCA legislation and any financial gain will be directly of benefit to LBHF. Partially because we now have our own facility to do this we are no longer providing a seconded officer to the pay back unit at Fulham police station. We have also trialled using these skills more widely, including supporting a planning enforcement case and a fraud investigation case for another council – we are talking to Legal about establishing model service level agreements to sell these services in the future.

Benefits Investigations – Proposed changes to benefit counter fraud measures

- 2.9 Universal Credit is scheduled for introduction in April 2013, with Housing and Council Tax Benefit being phased out completely by 2017. Consultation on these changes is still ongoing however it will have an impact on how we provide the Counter fraud support for these activities. A proposed timetable for changes is yet to be agreed however it is likely

that there will be a Single Fraud Investigation Service (SFIS) from approx 2015. As more information becomes available future audit committees will be kept informed.

- 2.10 As a consequence of the likely funding review there are now only 2 investigators who investigate Benefits fraud on behalf of LBHF. The post of senior investigator and the agency individual left our employ in March 2011.

Financial value of counter fraud work

- 2.11 The financial value of Counter fraud work for the first 6 months of the year is included at figure 4 in Appendix 1. This shows the funds that are recovered by the council totalling £235k, and the additional funds that may be recovered of £245k (plus further benefit overpayments of £50k recoverable to the public purse). The table doesn't identify the benefit overpayments recovered (which are significant because the council also retains these monies in full) as these figures cannot be provided from council systems. The table also puts a nominal value on house recoveries based on an average calculation produced by the Audit Commission of £75k a property. This increases the value delivered by the service to £3.6 million.

Nation Fraud Initiative 2010 – 2012

- 2.15 The new NFI data arrived in the council in March and has been distributed to the relevant parties. The CAFS unit is managing the process and will deal with any fraud matters that arise from the data. Output data and financial savings will be noted in the next report.

3. Major Service Changes

- 3.1 In 2009/10 CAFS pioneered the secondment of a Council fraud officer to the local police. For 2010/11 the objective was to target prolific criminals identified by the police from their intelligence where there is also suspected benefit. Following a review of the value of this post and in light of the budget constraints this secondment was ended in May 2011. The service continues to work closely with police to share intelligence plus on a case by case basis which currently involves approximately 15 cases.

- 3.2 A major restructure to reduce costs and flatten the management structure within CAFS has been completed and the complement has decreased from 18 to 12. This is being kept under review and where specific projects warrant it temporary staff will be sought for a fixed period with additional delivery targets.

4. Future Plans

- 4.1 The framework being developed by the housing fraud steering group will allow a joined up process between housing and the fraud service so that fraud can be prevented more readily and investigated more effectively.
- 4.2 An enforcement group is being arranged so that all council units who have a fraud interest can share intelligence and develop proposals to address concerns. As a first step a small group is to meet shortly to pool information on the area's most difficult tenants. Investigations and any subsequent legal actions will be more holistic and will offer the residents of the borough confidence that we as a council communicate and use the powers at our disposal effectively. This will be subject to a bid for additional funding from CDRP.
- 4.3 Discussions are under way with the National Fraud Authority to progress some projects which would benefit both us and other London councils. For example a way of being able to share information on tenant we have evicted with neighbouring boroughs.
- 4.4 We are discussing the possibility of sharing our Financial Investigation skills with other councils and charging for our services.
- 4.5 An update report is to be developed for the Audit & Pensions Committee to provide information on a more regular basis so that key issues can be highlighted at an earlier stage than 6 monthly.
- 4.6 Filming has taken place for the BBC series "Saints and Scroungers" to be aired in January 2012. Other cases have been submitted to consideration.
- 4.7 Investigators are taking part in a full training programme to enhance their skills. This is part of the programme to make all officers experienced in generic investigation and therefore be able to offer a more flexible and better value resource to the council.

Appendix 1

CAFS performance tables

Fig. 1 Cases Opened, Rejected, and Closed 2011-12 (to Q2)

	01/04/11 – 30/09/11
Cases referred	254
Cases rejected due to poor quality	79
Cases rejected due to overload of case	127
Cases closed with a successful sanction/outturn	76
Total number of cases closed	175

Fig. 2 Performance by Outcome Achieved to Date (to Q2)

	Prosecutions Successfully Undertaken	Caution, Penalty, Recovery or Disciplinary Sanction	Positive Outcome / Action Achieved	Totals
Housing Benefit	9	8	5	22
Tenancy	1	45	0	46
Corporate	0	8	0	8
Grand Total	10	61	5	76

Fig.3 Performance Outturn against Target (cumulative o Q2)

	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Benefits	11	22			22
Tenancy	22	46			46
Corporate	7	8			8
Total All	40	76			76
Target 2011/12	30	60			
<i>Previous Years' Comparatives</i>					
Total 2010/11					
Total 2009/10	55	92	40	91	278
Total 2008/09	31	54	98	186	186
Total 2007/08	32	65	97	130	130
Total 2006/07	33	66	99	132	132

Fig.4 Financial Value of Counter Fraud Work Undertaken 2010-11 (to Q2)

		Recovered		Recoverable		Additional value to the Council	Recoverable to public purse	Speculative Income
		Recovered by CAFS	Recovered to LBHF	Recoverable by CAFS	Recoverable by LBHF	Value of properties recovered or lets avoided or salaries ceased	Recoverable	Value of Assets Currently Restrained
Benefits	Penalties			3,378				
	Costs, Compensation, POCA	138,392		840				
	HB Overpayments			241,121				
	40% Bounty on HB O/Ps		96,448					
Tenancy	Tenancies recovered (19)					1,425,000		
	Housing Register removals (21)					1,575,000		
	Right to Buys prevented (2)					32,000		
Corporate	Corporate cases					53,525		
NFI*	HB Overpayments							
	40% Bounty on HB O/Ps							
	Pay & pensions							
	Creditors							
Income support overpayments							49,932	
Assets Restrained								183,500
Total		138,392	96,448	245,339		3,085,525	49,932	183,500
Total recovered		234,840						
Total balance recoverable				245,339				
Total overall recoverable value to the council				£480,179				
Total value to council due to CAFS work				3,565,704				
Total value to the public purse						3,615,636		

Appendix 2

Prosecutions

Catherine Hennessy

Claimant was living and working in Bognor Regis while continuing to claim DWP and LA benefits for a Housing Association property in LBHF. Hennessy jointly owned the property that she lived in with her children and their father, whom she had stated in interview that "she had not seen for years". Hennessy admitted that she had acted dishonestly. During interview she also confessed that she had been subletting her property. She visited the Housing Association later that day to cancel her tenancy. Hennessy pleaded guilty to offences under Social Security Administrations Act for the benefit fraud and a charge under the Fraud Act for the subletting. She was sentenced to 3 months imprisonment, suspended for 2 years with a requirement to undertake 150 hours of Unpaid Work. LBHF are currently seeking confiscation.

Ann Templeman

Claimant had been working for a Solicitors firm since 1998. This had not been declared to the DWP or LBHF. When her benefit was revised, she had been overpaid over £30K in HB and CTB. Templeman pleaded guilty to all charges. She was sentenced to 6 months imprisonment, suspended for 2 years.

Ferideh Kazemzadeh

Claimants partner was investigated by DWP and it was established that he was living together with his partner; Kazemzadeh in her LBHF property. The property was searched and evidence showed that the husband was paying all of the utility bills for the property that his wife was claiming at as a single parent. Kazemzadeh was overpaid £29K HB and CTB. She pleaded guilty on the first day of the trial. She was sentenced to 6 months, suspended for 2 years and 150 hours unpaid work.

Satu Redmond

Claimants details were flagged up on a data matching report that she had undeclared capital. The investigation established that she had over £35K in savings in undeclared bank accounts. Whilst being interviewed, it was established that Redmond had over £100K in savings that she had received through inheritance, a payout from the former employer and money that she had saved. She stated that she had become very ill during her pregnancy and it was for that reason that she had failed to declare the capital. Also during interview, she stated that she had been trying to save money in order to buy a flat for her and her child. She was overpaid £13K. She pleaded guilty at the 1st hearing and was sentenced to 12 months suspended sentence alongside a 6 months supervision order. She was ordered to pay costs of £493.50.

John Robert Dalton

Claimant had enrolled into a university and received student loans and grants that were not declared. His attendance was terminated when he failed to attend his course. He then claimed JSA. This also ended and again this change in his circumstances was not declared to LBHF. Dalton failed to attend IUCs and so was prosecuted. He had been overpaid £6K. He pleaded guilty to all charges and was sentenced to a community order for 6 months to include alcohol treatment and supervision treatment. He was order to pay £575 towards costs.

Maria Ribeiro

Ms Ribeiro had capital over £16K and made transfers to other peoples accounts in order to claim HB from LBHF. Ribeiro transferred large sums of savings, up to £140,000.00 from her account when she initially claimed HB and CTB. She claimed that the money did not belong to her and that it was money that she had borrowed from her mother in law when she had purchased her property that she had previously owned. Ribeiro was overpaid £53759. During IUC it was established that £120,000.00 belonged to Ms Ribeiro and that she had failed to declare her true circumstances to LBHF for benefit purposes. She pleaded guilty and was sentenced to 10 months, suspended for 12 months.

Ali Adan

Arrested November 2009 by Met Police Cab Enforcement Officers, cash seized and dealt with by Payback Fulham and subsequently forfeit. Mr ADAN on HB/CTB and JSA totalling about £26,000. It transpired he had 26k savings at date of HB claim rising to £29k by end of claim. Mr Adan absconded and police/CAFS tracked him down to Liverpool, Sheffield and Bexleyheath following search warrants for all addresses being executed in March 2009. Mr Adan was found in Liverpool where he gave his brothers name, evidence also found that he had given money to this brother who had then bought a house with no mortgage. Restraints obtained on both brothers.

Ali ADAN - successfully prosecuted for benefit fraud (s.111A x 2) and Money Laundering (x 1). Sentenced to a total of 22 months imprisonment for those plus a variety of other offences on 21/09/2011.

Rubina Mallick

Ms Mallick held savings in excess of £100,000 which she had not declared to the DWP or LBHF. During interview Ms Mallick claimed the money was not hers, but belonged to two of her sisters following the death of her father. Ms Mallick was also shown a copy of her father's will, which showed that she was a recipient to 25% of the estate which was in excess of £300,000. Despite this, she continued to maintain throughout the interview that the savings in her bank accounts did not belong to her. Ms Mallick was overpaid Council Tax Benefit totalling £4113.53 and Income Support totalling £5681.05.

Ms Mallick was charged with offences under section 111 of the social security Administration Act and pleaded not guilty at West London Magistrates Court on 06/05/09. On 03/12/09 Ms Mallick was sentenced to a 12 months community punishment order and was required to carry out 200 hours unpaid work and ordered to pay £500 costs.

Tracey Giffen.

Ms Giffen was in receipt of DWP and Local Authority benefits in the name of Tracey Giffen whilst working full-time in the name Tracey Irvine as a driver for the London Borough of Hammersmith and Fulham She had used her correct National Insurance number (NINO) for her benefit claims but had altered her NINO by one digit on her employment application form. Consequently she had been overpaid Income support of £27,057.73, Housing Benefit £187.29 and Council Tax Benefit £57.33.

Ms Giffen was charged with offences under section 111 of the social Security Administration Act Ms Giffen pleaded guilty to all charges on 09/10/09 and was sentenced at Wimbledon Crown Court on 18/12/09 to 52 weeks imprisonment suspended for two and a half years. She was ordered to pay costs totalling £750 to be paid within 3 months.

Demis UBIRIBO

Part of 2010 Operation Razorback (met police pre Notting Hill Carnival pro active operation). Warrant also executed at another family address at same time. Cash seized and Demis, his father Lucky and his sister Sandra arrested on suspicion of money laundering. Evidence to suggest undeclared income and undeclared residents at both addresses. Investigation showed Joys UBIRIBO had over £300k passing through her bank accounts even though she was HB on basis of £340 per month earned income. Arrested and charged, pleaded guilty. Lucky found to have signed form stating that he only had one bank account and was self employed earning about £3k per year, his wife Gladys (he was married to both in Nigeria under Nigerian law) was the claimant. Gladys arrested for false statement and also not declaring Lucky lived at the address. Lucky charged with false statement. Lucky pleaded guilty Gladys convicted by jury trial