

Appendix C - Anti-fraud



2020/21

Anti-Fraud 2020/21

Introduction

Haringey Council is committed to ensuring the highest possible standards are maintained by its employees, contractors and residents. Fraud and corruption can impact on the public's confidence in the Council and its reputation in the long term. Anti-fraud policies and strategies are in place to detect and prevent fraud and a corporate team of investigators within the Audit and Risk service is managed by the Deputy Head of Audit and Risk Management.

2020/21 was an unprecedented year for the Council, working remotely from the office and with national and local restrictions imposed had led the Audit & Risk service, like others, to challenge the way we approach our work. The use of technology and data was central to the strategy to develop the service for the future, Covid-19 has prioritised this work and forced the team to consider not only a more accelerated timeline but also even more significant changes in process and procedures. Outcomes have been impacted for the year due to extended timelines to obtain information, closure of courts and restrictions preventing or hindering visits to residential and business premises. A new case management system was procured in 2020/21 and will be implemented in 2021/22, this will create efficiencies in monitoring and reporting of workload. Part of the new system is a tool that enables internal data sets to be matched to identify fraud, this will enable the team to work with services to detect fraud or gather assurances that controls to prevent fraud are working as intended, again generating efficiencies in how resources are used.

The purpose of this document is to outline the activities of the team that have been considered when forming the Head of Internal Audit Opinion, it also seeks to ensure that in accordance with Part 2 of the Local Government Transparency Code 2015, the council has published information on the cost of its anti-fraud work and the outcomes achieved. The team's performance is reported quarterly to the Council's Corporate Committee during the year.

Transparency Code 2015 requirements

Requirement	2018/19	2019/20	2020/21
Allocated budget for anti-fraud work	£672k	£606k	£564k
Number of staff (absolute and FTE) undertaking anti-fraud work	7.5 staff: 7.5 FTE	7.5 staff: 7.25 FTE	9 staff: 7 FTE
Number of staff of professionally accredited anti-fraud specialists	5 staff	5 Staff	6 Staff
Total amount of time spent on the investigation and prosecution of fraud	1,323 days	1,279 days	1,235 days
Total number of fraud cases investigated	848 <i>(205 reactive cases)</i>	795 <i>(223 reactive cases)</i>	2899 <i>(125 reactive cases)</i>
Number of occasions powers under the Prevention of Social Housing Fraud Regulations have been used	120	107	25

Transparency Code 2015 requirements

Type of Activity	2018/19	2019/20	2020/21
Tenancy Fraud	191	204	111
Employee Fraud / Whistleblowing Cases	22	18	13
Non Employee Fraud/ Whistleblowing Cases	-	1	2
Right to Buy applications	236	238	221
Proactive Tenancy Checks/Visits	205	204	0
Gas Safety Proactive Tenancy Visits	149	101	0
No Recourse to Public Funds financial checks	45	29	53
Business Grant pre payment checks	0	0	>2500
TOTALS	848	795	2890

Anti-Fraud Outcomes 2020/21

Tenancy Fraud

The tables on the next slide contains information regarding caseload. There are two housing fraud cases being prosecuted at the end of 2020/21.

In 2020/21 21 council stock properties had been recovered through the actions and investigations of the Fraud Team; therefore £378k can be attributed to the recovery, or cessation, of fraudulent council and temporary accommodation tenancies. This compares to 56 in 2019/20.

In 2020/21 there were 111 referrals to the anti fraud team. This compares to 204 in 2019/20. The drop in referrals is not a surprise in light of COVID-19.

Closure and reduced capacity in the courts during 2020 as a result of COVID-19 has also impacted on the timeline to achieve outcomes in cases. Also government restrictions prevented or hindered visits and proactive fraud activities relating to tenancies from taking place.

The team work closely with officers in Homes for Haringey via an officer seconded to work alongside the fraud team part time each week.

The workplan for 2021/22 will include proactive tenancy fraud activity and this will be supplemented by the use of data matching and intelligence from the National Fraud Initiative.

Tenancy Fraud 2020/21

	Open	Closed
Brought Forward at year start	125	
New referrals in year	111	
TOTAL OPEN	236	
Cases closed – no fraud		28
Cases closed – property recovered		21
TOTAL at year end	187	

Anti-Fraud Activity & Outcomes 2020/21

Employee and Non Employee Fraud and Whistleblowing cases

The Head of Audit and Risk Management maintains the central record of referrals made using the Council's whistleblowing policy. In total, 15 whistleblowing referrals were made during 2020/21, compared to 19 last year. As outlined above 13 of which were employee related. One related to a private organisation but impacted leaseholders and the other an ex agency employee.

All referrals made using the whistleblowing policy are reviewed and subsequent investigations are managed according to all relevant statutory requirements, including Data Protection, Regulation of Investigatory Powers and Police and Criminal Evidence Acts. In some cases, the limited amount of information provided means a full investigation cannot be undertaken. The management of the Audit and Risk service undertakes an initial review of the information before agreeing an approach with HR and service management. Any allegations relating to financial issues are investigated by the Fraud Team.

In 2020/21, two cases were closed immediately as the allegations had been investigated in 2019/20. One case was referred to Human Resources and another to the LADO as fell into their areas of expertise. Management were asked to investigate three cases. The Head of Internal Audit and Risk gathers outcomes for information on all cases referred on. Seven cases were retained by audit of which two remain open at year end. For the six complete investigation management actions were identified and again updates are discussed periodically.

Of the 8 investigations retained by Audit and Risk 7 of them related to officers. One was a council employee; three Homes for Haringey employees two school employees; one was an ex agency employee. The allegations covered a number of issues including abuse of position; fraud and corruption.

Anti-Fraud Activity & Outcomes 2020/21

Employee and Non Employee Fraud and Whistleblowing cases

In all eight investigations, the skill set available across the team with regards audit, fraud and risk management is deployed to work with the relevant stakeholder to ensure the relevant offence or breach is identified; the appropriate action is taken in response, in line with relevant laws and approved policy and procedure and where required disciplinary action be taken in accordance with Council procedures and /or changes to policy, practice or procedure to mitigate similar future occurrences.

As a result of the eight cases completed by the team, two cases resulted in disciplinary action being taken. In all others management actions were agreed to strengthen control environment.

The Fraud Team work closely with officers from HR and the service area involved to ensure that the investigation is completed as quickly as possible. The Fraud Team have been set a target to complete investigations within eight weeks of the referral from 2019/20 and this will continue to be monitored. It is anticipated most cases will be completed in this period although cases can and do take longer to go through the disciplinary process and reach a conclusion. Some investigations were impacted by the pandemic in the financial year.

Anti-Fraud Activity & Outcomes 2020/21

Right to Buy Applications

In 2020/21 **69** applications have been withdrawn or refused either following investigations and/or failing to complete money laundering processes. This compares to **90** for 2019/20. The target each year is **80**. Overall, the **69** RTB applications withdrawn or refused represent **over £7.5m** in potential RTB discounts; and means the properties are retained for social housing use.

There were 212 applications in progress at the start of the year and 221 at year end. Again COVID-19 has impacted on completion of the investigations and a number of applications were passed to the team in March 2021 when the valuation of properties recommenced and the backlog in processing started to clear.

In addition to these outcomes, a £3k housing benefit overpayment was identified and also two cases of tenancy fraud in other local authorities were identified and in both cases the properties were recovered.

No Recourse to Public Funds

As at 31 March 2021, **53** referrals have been received and responded to by the Fraud Team through the financial year. Referrals are received where the NRPF team has suspicion of fraud and needs to obtain assurance. The average cost of NRPF support per family (accommodation and subsistence for a 2 child household) is around £20,000 pa so fraud prevention, whilst ensuring the service supports those genuinely in need is essential. Referrals from the NRPF were significantly higher than previous years.