

Appendix D - Anti-fraud



2022/23

Anti-Fraud 2022/23

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 as well as placing unnecessary additional burden on the public purse. 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.

We reviewed our Fraud Strategy in 2022 to reflect the post Covid era for the Council and to ensure the priorities of our work plan were driven by the current Fraud Risk assessment for the council. For 2022/23 our planned work focused on Housing Fraud and acknowledged that the Housing Services were being insourced back to the Council in year. Due to changes in our risk assessment in year we diverted some resources to Blue Badge Fraud for quarters 3 and 4.

In 2022 we participated in a National Anti-Fraud week and refreshed our internal and external communications regarding Fraud & Corruption.

Referrals to the team for both proactive fraud checks and reactive investigations increased in 2022/23 from prior years, in particular in relation to employee fraud cases. 2022/23 was the second complete year we have been using our case management system, which now enables more efficient monitoring and reporting on cases.

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 Audit Committee during the year.

Transparency Code 2015 requirements

Requirement	2020/21	2021/22	2022/23
Allocated budget for anti-fraud work	£564k	£556k	£556k
Number of staff (absolute and FTE) undertaking anti-fraud work	9 staff: 7 FTE	8 staff: 6.5 FTE	8 staff: 6.5 FTE
Number of staff of professionally accredited anti-fraud specialists	6 Staff	6 Staff	6 Staff
Total amount of time spent on the investigation and prosecution of fraud	1,235 days	1,135 days	1,135 days
Total number of fraud cases investigated	2,899 <i>(125 reactive cases)</i>	1,287 <i>(165 reactive cases)</i>	657 <i>(341 reactive cases)</i>
Number of occasions powers under the Prevention of Social Housing Fraud Regulations have been used	25	34	48

Transparency Code 2015 requirements

Type of Activity	2020/21	2021/22	2022/23
Tenancy Fraud	111	211	229
Employee Fraud / Whistleblowing Cases	13	6	9
Non Employee Fraud/ Whistleblowing Cases	2	0	0
Right to Buy applications	221	297	211
Blue Badge	0	0	3
Gas Safety & Proactive Tenancy Visits	0	65 211	81 72
No Recourse to Public Funds financial checks	53	47	52
Business Grant pre payment checks	>2500	450	0
TOTALS	2,890	1,287	657

Anti-Fraud Outcomes 2022/23

Tenancy Fraud

The tables on the next slide contains information regarding caseload. There were two housing fraud prosecution cases concluded in 2022/23.

In 2022/23, **41** council stock properties had been recovered through the actions and investigations of the Fraud Team; **£738k** can be attributed to the recovery, or cessation, of fraudulent council and temporary accommodation tenancies. This compares to **28** in 2021/22.

In **2022/23** there were **229** referrals to the anti fraud team. This is an increase on prior years. The sources of referrals include: general public, members, council officers, other councils or government agencies, National Fraud Initiative and our own proactive activities/campaigns to identify fraud.

Within these referrals are proactive fraud checks to prevent fraud occurring in the succession and grant of tenancy processes. These are high inherent fraud risk areas for the council.

The team work closely with officers in Housing via an officer seconded to work alongside the fraud team part time each week. There has been a high turnover of resources in the Tenancy Management Team which has hindered some planned developments.

The workplan for 2023/24 will include a focus on Tenancy Fraud and 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 2022/23

	Open	Closed
Brought Forward at year start	209	
New referrals in year	229	
TOTAL OPEN	439	
Cases closed – no fraud		157
Cases closed – property recovered		41
TOTAL at year end		241

Anti-Fraud Activity & Outcomes 2022/23

Employee and Non Employee Fraud and Whistleblowing cases

The Head of Audit and Risk Management maintains a record of referrals made using the Council's whistleblowing policy. In total, seven whistleblowing referrals were made during 2022/23, compared to 6 in the prior year. All seven were employee related.

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 issues of financial irregularity are investigated by an investigator in the Audit & Risk team.

There were a further two investigations where although the referral was not accepted, the Audit & Risk team provided advice, support and completed some investigation work, to assist the Investigating Officer.

In 2022/23, six of the referrals were investigated and closed at year end, the remaining one is still open. The Head of Internal Audit and Risk gathers outcomes for information on all cases referred to the team. For the complete investigations, where applicable, management actions were identified, and updates are discussed periodically. One case resulted in disciplinary.

Anti-Fraud Activity & Outcomes 2022/23

Employee and Non Employee Fraud and Whistleblowing cases

Where the allegation relates to a breach of a council policy and the investigation falls under the disciplinary policy, the severity of the breach is considered and where appropriate the team is deployed to work with the relevant stakeholders, usually the service management and human resources, to ensure the relevant policy is followed; all available evidence is gathered effectively and secured and the appropriate action is taken. Part of this work is to reflect on the control environment and ensure controls are in place to prevent similar occurrences in future.

The cases taken on by the team was 50% more than in 2021/22. The nine cases relating to council employees were made up of a mixture of audit, disciplinary, and criminal investigations. There were also two cases where the team provided input the support a management led investigation into an employee.

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. Due to finite resources in the team and the increase in cases this timescale has only been achieved for the less complex cases. The team often face challenges obtaining the evidence required to progress their investigations due to poor record keeping and audit trails; often alternative evidence sources have to be found.

Anti-Fraud Activity & Outcomes 2022/23

Right to Buy Applications

In 2022/23, 115 applications were withdrawn or refused either following investigations and/or failing to complete money laundering processes. This compares to 52 in 2021/22. The improvement in outcomes is in part due to a change in process, tightening up on the legal timeframes that applicants have to meet. The target each year is **80**. The equivalent of one full time investigator undertakes this work. Overall, the **115** RTB applications withdrawal or refusal represents **over £10m** in potential RTB discounts; and means the properties are retained for social housing use.

There has been a decrease in live applications in 2022/23 this is due to delays in the earlier stages of the process arising from Covid-19 and a shortage of resources to value properties. The applicants are not financially impacted by delays in valuation. At year end circa 82 applications were at the money laundering stage of the process. This activity also can identify Housing Tenancy Fraud for us or affecting other local authorities and Housing Benefit overpayments.

No Recourse to Public Funds

As at 31 March 2023, **52** 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 increased by 5 on the prior year but request remains higher than the pre covid years. The fraud team provide the intelligence to the NRPFs team to enable them to make their decision with regards entitlement in line with legislation, we have no other role in these cases.

Anti-Fraud Activity & Outcomes 2022/23

Fraud Reporting

The team monitor reports of fraud received by the council from residents of the borough, many of the reports relate to services and Housing Benefit fraud so these are assessed and signposted on as appropriate. This mechanism although currently resource intensive to administer does generate some good referrals for the team.

Hundreds of communications are received each year from members of the public via our fraud hotline or email address. All are reviewed and intelligence checks undertaken as part of the referral acceptance process. The majority do not result in council fraud cases, but all are sign posted on the relevant public sector body or council service for investigation and action.

DPA requests

The team have responded to over 100 Data Protection Requests with regards the prevention and detection of fraud from a range of organisations, including other local authorities.

Blue Badge

A Blue Badge Misuse case was prepared for prosecution this year. At the court hearing in May 2023, a guilty plea was sent in writing to the court. More work in this area is planned for 2023/24 to help the Parking Enforcement Team's efforts to deter theft and misuse of Blue Badges in the borough.

Anti-Fraud Activity & Outcomes 2022/23

Proactive Data Matching

The team review results of data matching exercises generated by campaigns such as the National Fraud Initiative as well as local exercises interrogating council held data sets. This year the team identified a number of cases, and provided intelligence they had gathered to housing colleagues to ensure appropriate action could be taken. These findings related to rent accounts in significant credit and also properties where the tenant is deceased but no action to end the tenancy has been instigated.

These proactive exercises are either undertaken to compliment audit activities that are in the audit plan or identify control failings so that audit resources can be directed to this area and control improvement designed.