

**Report for:** Audit Committee 22<sup>nd</sup> July 2025

**Item number:** 12

**Title:** Anti – Fraud and Corruption Progress Report Quarter Four 2024/25

**Report authorised by:** Taryn Eves – Director of Finance

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**Ward(s) affected:** N/a

**Report for Key/  
Non-Key Decision:** N/a

**1. Describe the issue under consideration**

This report details the work undertaken by the in-house resources in the Audit and Risk team and communicates a fourth quarterly update on completion of the work plan for 2024/25. This performance data and the other three reports from 2024/25 are summarised and included in the overall Annual Audit Report which includes the Head of Internal Audit Opinion.

**2. Cabinet Member Introduction**

Not Applicable.

**3. Recommendations**

The Audit Committee is recommended to note the activities of the team during quarter four of 2024/25.

**4. Reasons for decision**

The Audit Committee is responsible for monitoring the effectiveness of the policies on Anti-Fraud and Corruption and receiving assurance with regard the Council's internal control environment and mechanisms for managing fraud risk. To facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Audit Committee with regards Anti-Fraud & Corruption.

**5. Alternative options considered**

Not Applicable.

## **6. Background information**

The information in this report has been compiled from information held by Audit & Risk Management.

## **7. Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes.**

The Audit & Risk team makes a significant contribution through its pro-active work in ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all strategic priority outcomes.

## **8. Carbon and Climate Change**

## **9. Statutory Officers comments (Director of Finance & Resources (procurement), Director of Legal and Governance, Equalities)**

### **Finance**

There are no direct financial implications arising from this report.

### **Procurement**

There are no direct contract and/or procurement implications arising from this report.

### **Legal**

The Director of Legal and Governance has been consulted in the preparation of this report, and in noting the progress made with delivering the Audit Plan, and the activities undertaken in relation to risk management and anti-fraud, advises that there are no direct legal implications arising out of the report.

### **Equality**

The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation.
- advance equality of opportunity between people who share those protected characteristics and people who do not.
- foster good relations between people who share those characteristics and people who do not.

The Audit & Risk team is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010 and this is built into the team's operational procedures. Ensuring that the Council has effective counter-fraud arrangements in place will assist the Council to use its available resources more effectively.

**10. Use of Appendices**

Not Applicable

**11. Background papers**

Not Applicable

## **12. INTRODUCTION**

- 12.1 This report covers the period from 6 January 2025 to 4 April 2025 and summarises the work of the Audit & Risk Service in relation to anti-fraud and corruption.
- 12.2 The work of the team is driven by the Council's Anti-Fraud, Bribery & Corruption Strategy which was reviewed in September 2024. The Strategy is supported by a risk assessment and operational work plan, which is annually reviewed. More information is provided in section 13 of the report.
- 12.3 The Fraud resources within the Audit & Risk Service consists of a Head and Deputy Head of Audit & Risk and six Fraud Investigators. Resources available for Anti-Fraud, Corruption and Bribery work total circa 6.5 FTEs.
- 12.4 Fraud risk is considered when scoping all audit assignments, undertaken by Mazars, and where there is a high inherent risk of fraud in the system and process additional focus is included in the scope. The in-house resource investigates issues that arise, or other risk areas identified in the strategic audit planning. The results of all this work feeds into our assessment of fraud risk in the council.
- 12.5 Annually the governance of the organisation is reviewed, and this informs the Annual Governance Statement, which was presented to Members in July. This review considers the system of internal control which helps to inform our overall risk assessment. The Annual Report and Head of Internal Audit Opinion outlines weaknesses in internal control. There are several areas of the council where our first and second line of defence control are not robust enough to prevent and detect fraud.

## **13. Risk Assessment 2024/25**

- 13.1 There have been no changes to our fraud risk assessment in quarter four. A full review will be undertaken to inform the work plan for 2025/26.

## **14. Anti-Fraud & Corruption Work Plan for 2024/25**

- 14.1 The review of the Anti-Fraud, Corruption and Bribery Policy and Strategy in quarter two has created an action plan for 2024/25 to refresh and create procedural and guidance material for stakeholders to ensure the service complies with good practice. The team had a target of March 2025 to complete this work, however the on-going pressures on the team have diverted resources to reactive audit and fraud tasks and this action plan rolls forward into 2025/26.
- 14.2 The team's work plan this year included proactive work relating to:
- **National Fraud Initiative (NFI)** the team have worked with services to ensure that the results of the NFI and reviewed and acted upon within the council, a more detailed update is in 15.15.

- **Temporary Accommodation** this was carried over from 2023/24 – after a rescoping of the project work is now well underway and outcomes will be reported throughout 2025/26.
- **Hidden Assets in Financial Assessments** again this was a project carried over from 2023/24 - this work is put on hold, whilst management tackled control issues which were barriers to successful data driven fraud work. This will be a project for 2025/26 once follow up audit and risk work confirm that more robust processes across teams, are in place and operating effectively.
- **Procurement due to the fraudulent activity identified in 2023/24.** An analysis of all 2023/24 spend has been undertaken to determine if other similar frauds have occurred. Our work found none, there was some non-compliance noted in the analysis; however, it did not present significant risk to the council. Initial planning for the 2024/25 analysis of data was also completed in quarter 4.
- We have yet been unable to complete the work regarding the **Use of Death List information** which was planned in to try to ensure that the Council has the information and promptly stops services no longer required, preventing those identities, public funds, and properties from being misused. The team have however completed proactive work and investigated all NFI matches relating to deceased residents and service users, with positive results. We continue to identify individual cases where services or payments are still being made post death as part of our daily case work and these are communicated to management and tracked until actions are complete. More information on outcomes is later in the report 15.15/16.

14.3 This was a challenging proactive plan for the year but all high-risk areas where work is needed from both the fraud and audit perspective. As noted above, reactive workloads are putting pressure on our resources available to deliver the proactive work.

14.4 As part of our work to prevent fraud the team have continued in quarter four to also support, via advice and or training, other council teams to better utilise intelligence checks as part of application processing or financial / service assessment. Ensuring adequate fraud prevention activity is embedded in processes will be central to the delivery of our strategy in 2025/26.

## 15. **ANTI-FRAUD ACTIVITY**

15.1 The team undertakes a wide range of anti-fraud activity but has two key performance indicators to monitor its work relating to tenancy fraud and the right to buy fraud. After a downturn in outcomes because of the impact covid had on Housing processes the team saw a return to pre covid levels of performance in 2023/24. 2024/25 has seen a dip in outcomes with regards the anti-money laundering outcomes.

15.2 Financial values are assigned to these outcomes based on the discounts not given and the estimated value of providing temporary accommodation to a family. The Audit Commission, when in existence, valued the recovery of a tenancy, which has previously been fraudulently occupied, at an annual value

of £18,000, as noted above this related to average Temporary Accommodation (TA) costs. This figure was then revised to £42,000 by a network of housing and fraud bodies and was at the time supported by the Cabinet Office. Most recently the Cabinet Office has valued a property recovery at £78,300.

### 15.3 Table 2 - Local Performance measures – anti fraud activity

Performance Indicator	Q4	Year	Annual Measure
Properties Recovered	14	42	50
Right to Buys prevented	18	49	80

### 15.4 Tenancy Fraud – Council properties

15.5 The Corporate Anti-Fraud Team works with Housing colleagues to target and investigate housing and tenancy fraud. Housing continues to fund 0.6FTE of Tenancy Fraud Officer co-located part time within the Corporate Anti-Fraud Team, however this post in the main undertakes proactive fraud prevention checks for housing. There are plans to do cross team proactive tenancy fraud campaigns and use data matching however this work will not be completed until the Housing Improvement Programme has improved systems, process, and technology across Housing services. It is hoped these process and control improvements, and the planned proactive work will help to not only detect fraud but also deter it, in future.

15.6 The Corporate Anti-Fraud Team works with the Housing team to identify the most effective use of fraud prevention and detection resources across teams to enable a joined-up approach to be taken, especially where cases of multiple fraud are identified e.g., both tenancy fraud and right to buy fraud. Circa half the live cases were generated from proactive work by the team: attending gas safety's; data matching or proactive fraud work the other half mainly from internal officer referral, tenancy officers, and small number from members or residents. Of the 452 ongoing investigations 262 currently sit with other teams for action and 190 are live investigations. The team have no live housing fraud prosecutions currently but there are four cases where prosecution is the central objective of the investigation plan.

### 15.7 Table 3 - Tenancy Fraud Activity and Outcomes

Opening Caseload	435	
New Referrals received	55	
Total		
Properties Recovered		14
Case Closed – no fraud/no recovery action possible		24

Total		(-)
Ongoing Investigations		452

## 15.8 Right-to-buy (RTB) applications

15.9 At the end of quarter four were 303 ongoing applications with 94 under investigation as part of the statutory money laundering stage of the process. During quarter, our, 18 RTB applications had been withdrawn, timed out or refused either: following review by the Corporate Anti-Fraud Team or due to failing to fully engage with the money laundering stage of the processes. 15 other applications ceased for reasons other than the Corporate Anti-Fraud Team's direct intervention. The applicants are served reminders, by homeownership and legal, regarding timescales and the Corporate Anti-Fraud Team work flexibly with applicants and their solicitors to gather the required evidence to satisfy the money laundering regulations. 142 new applications were received in this period for review, 13 properties are awaiting re-valuation of the property value, and 22 properties were sold.

15.10 During quarter four we continued to meet with Housing to monitor this activity, in advance of the discount being changed (November 2024) there was a large increase in applications, however this additional workload has yet to fully impact the fraud team as the applications are yet to reach a status where money laundering checks can be completed.

## 15.11 Blue Badge Fraud

15.12 To date there have been 133 cases accepted as part of the fraud prevention project. Outcomes from cases to date:

- 74 closed, no further action
- 3 prosecutions
- 4 cases with legal
- 41 cautions administered
- 11 live cases – 3 at interview under caution stage

15.13 The project has proven to be successful and achieved the deterrent factor desired to try to support Parking in reducing this fraud in the Borough. As per of 2025/26 planning the allocation of resources will be considered in risk basis.

15.14 The following is the notional cost to the public purse used in prosecution cases Blue Badge fraud is significant and, by claiming exemption from the congestion charge, a blue badge holder saves £2,500 per year. They may also avoid having to pay for a resident's parking permit, at £50 - £250 a year. If the motorist avoids paying hourly on-street parking charges of £3 per hour for 40 hours a week, this adds up to a further £6,000 a year (this could be even higher if commuting to central London). Fraudulent misuse could be costing local government (TfL and the boroughs) £5,000 - £10,000 a year per

badge, in addition to the extreme inconvenience for disabled motorists and passengers.

### **15.15 National Fraud Initiative (NFI)**

NFI is a statutory function (under Local Audit and Accountability Act 2014, Part 6). £477.5M has been the reported savings across all local authorities for the 2022/24 accounting periods.

The Public Sector Fraud Authority established in 2022 works under the Cabinet Office and HM Treasury to enhance governments counter fraud function. There is a 2024-2028 strategy being delivered and planned developments to NFI will enhance the data matches available for local authorities to identify fraud and pursue. The exercise runs every two years with some pilots and 're-checks' periodically in between.

The results of the NFI were received at the start of the quarter and the intelligence and reports received are analysed by the Anti-Fraud team. There is a network of key contact across the services in the council who also have access to the reports and have a role in reviewing from the service perspective. The Anti-Fraud Team use a risk-based approach to focus on key reports that need to be reviewed, where we can more efficiently consider the fraud risk the team retain responsibility for the reports and matches. The benefit of the NFI is unlike any locally driven proactive data matching activities the intelligence is across a wide range of public sector held data sets.

There were eight cases identified from the 'payroll to payroll' data match which is a key one due to the heightened risk of dual working since covid.

In line with our risk assessment and work plan the focus of the team has been related to high-risk housing reports. Death list to housing tenants has identified 64 cases for housing action; tenant to tenant (cross council) and council tax reduction to property ownership have been interrogated and the fraud cases identified for allocation within the team has generated 18 cases requiring a full investigation by the team.

At the end of quarter four there were minimal outcomes to report but further updates will be provided in 2025/26 as part of the quarterly reports.

### **15.16 Void Properties project update 2023/24**

A proactive exercise to identify void properties / tenancies that need terminating, using death list data and council tax records that had a class F exemption (in the name of 'executors of') was completed in 2023/24.

The 69 cases identified by IA have been reported to Housing. 41 of them were known to Housing but were either not being pursued or were complex cases for resolution; for 13 of these anti-fraud officers were already assisting.



As at end of March 2025, only nine cases remain open, four are with legal and five are with housing for action. The list has been sent to Heads of Service to highlight they remain open with outstanding actions.

22 properties have been recovered, to date, following the proactive work of the team.

The recoveries generated by this project are not included within the tenancy fraud performance to avoid double counting and because these cases were identified to proactively deter fraud occurring and to achieve other council objectives.

#### **15.17 No Recourse to Public Funds (NRPF)**

In quarter four, eleven referrals have been received and responded to by the Corporate Anti-Fraud Team. The role of the Corporate Anti-Fraud Team is to provide a financial status position for the NRPF team to include in their overall Children and Family Assessment.

The average cost of NRPF support per family (accommodation and subsistence for a two-child household) is around £20,000 pa.

#### **15.18 Squatting**

Due to demand pressures, the team have had limited operational involvement in the work to tackle the threat of squatting in council properties in quarter 4, the reported incidences of squatted properties has reduced in the period due to Housing Management and Police action, and we meet periodically with front line teams to stay involved in the project this oversight from a risk perspective will continue into 2025/26 in case evidence of employee involvement is identified and out involvement needs to increase again.

#### **15.19 Ad hoc requests**

The team deal day to day with many ad hoc requests from management for advice and guidance. They also respond to information and data protection requests from other teams and organisations.

In the quarter we have invested some time into our relationship with the Home Office, who have been able to advise us on a number of key risk areas for the Borough and its residents. Examples of areas of discussion include Housing – in particular squatting, illegal HMOs where Anti-Social Behaviour is occurring and rogue landlords and abuse of sponsorship license for employees in the social care sector. Risk insights gained have been shared internally with management.

#### **15.20 Internal Employee Investigations**

In accordance with the Council's Constitution, the in-house Corporate Anti-Fraud Team investigates all allegations of fraud, corruption, and financial irregularity against employees.

At the start of quarter four the team had two employee cases open. Both cases remain open at the end of the quarter. Both cases are criminal in nature and relate to ex-employees.

In quarter 4 we received one new employee referral for corruption. This case remained open at the end of the quarter.

The Audit and Risk service work closely with officers from HR and the service area involved to ensure that the appropriate investigation, following a referral, is completed as quickly as possible. The cases are prioritised according to risk to the council and severity of the allegations.

For all cases there is consideration of root causes and where weaknesses in our control environment have contributed or enabled fraud, corruption, or other breaches of code of conduct and other rules and procedures to occur. These audit observations are highlighted to management.

#### **15.21 Dual Employment Cases / Agency Worker cases**

At the start of quarter 4 we had one live agency worker dual employment case, which remains open at the end of the quarter while legal advice is sought by the lead authority. We also had two employee cases, the disciplinary processes for which were concluded in the quarter and both officers were dismissed. One case remains open at the end of March.

We had eight new dual worker related cases referred. Some current and some ex-employees/agency workers. All were investigated in the quarter and evidence provided to Management and/or other current employers. All cases remained open at the end of March but where applicable the disciplinary process has started and further action is considered under the fraud policy for all cases. Outcomes will be reported in quarter one report.

#### **15.22 Whistleblowing Referrals**

The Head of Audit and Risk Management maintains a record of referrals made using the Council's Whistleblowing Policy. At the start of quarter four the team had been one referral open relating to an external organisation providing services directly commissioned by the council. This case was reviewed in quarter four, and action by management to manage risks were noted but the allegation remains open, and a full review will be completed in quarter 1 to gather further assurances. No new whistleblower reports were received in quarter four.