

**Report for:** Audit Committee 29<sup>th</sup> January 2026

**Item number:** 12

**Title:** Anti – Fraud, Bribery and Corruption Progress Report Quarter Three 2025/26

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

**Lead Officer:** Minesh Jani – Head of Audit & Risk Management  
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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 third quarter update on completion of the work plan for 2025/26.

**2. Cabinet Member Introduction**

Not Applicable.

**3. Recommendations**

The Audit Committee is recommended to note the activities of the team during quarter three of 2025/26.

**4. Reasons for decision**

The Audit Committee is responsible for monitoring the effectiveness of the policies on Anti-Fraud, Bribery 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, Bribery & Corruption.

**5. Alternative options considered**

Not Applicable.

**6. Background information**

The information in this report has been compiled from performance data 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**

There are no direct financial implications arising from this report.

**9. Statutory Officers comments on behalf of Director of Finance & Resource and Director of Legal and Governance.**

**Corporate Director: Alex Altman - Business Partner 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.

**Director for Legal & Governance: Michael Alexander Gordon – Principal Lawyer**

This report was prepared pursuant to and in accordance with section 151 of the Local Government Act 1972 and section 6 of The Accounts and Audit (Amendment)(England) Regulations 2006. The Council's Head 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 October 2025 to 2 January 2026 and summarises the work of the Audit & Risk Service in relation to anti-fraud, bribery 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 and the outcomes communicated to Committee as part of the quarter one report.
- 12.3 The Fraud structure within the Audit & Risk Service consists of a Head and Deputy Head of Audit & Risk who has operational line management responsibility for six investigator posts filled by circa equivalent to five FTEs as two team members are part time/flexibly retired.
- 12.4 Fraud risk is considered when scoping all audit assignments, undertaken by Forvis 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 as well as intelligence from referrals 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 2025/26**

- 13.1 There have been no changes to our fraud risk assessment in quarter three.

## **14. Anti-Fraud & Corruption Work Plan for 2025/26**

- 14.1 The team's work plan this year includes proactive work relating to the areas outlined below, updates as at end of quarter three are included:
- **Temporary Accommodation** – our role in the proactive project to identify fraud has now ceased however the fraud case data is reported in 15.14.
  - **National Fraud Initiative (NFI)** – details later in this report 15.16.
  - **Hidden Assets in Financial Assessments** this was a project agreed in 2023/24 – some work was undertaken, and this work was put on hold, whilst management tackled control issues which were barriers to successful data driven fraud work. The improvement work streams continue to be monitored. This will be a project that recommences in 2026.

- **Fraudulent payment of PCNs** – there are high numbers of PCNs paid using stolen card details which causes significant resource wastage for the council and could indicate organised crime in the Borough. Audit work to initially analyse this and put in more robust governance took place in quarter three. This needs to be completed before any fraud resources can be allocated proactively on investigating, however the fraud team do deal with reactive referrals and data protection requests from banks and would support the services if any referrals for fraud were generated in this area.
- **Procurement** due to the fraudulent activity identified in 2023/24. A fraud risk analysis of all 2024/25 spend has been commissioned from Mazars to determine if other similar frauds have occurred and satisfy again the request from External Audit. Our work to analyse the outcomes is on-going but to date has noted none, however there was some non-compliance or poor practice that increases fraud risk in the Council, and we are working with Strategic Procurement on these and will report concerns to the Procurement and Purchasing Compliance Board.
- **Squatting** – due to the criminality involved in Squatting and the links to the proactive and reactive housing fraud work we do, re legal occupation, we continue to link with management from an audit and risk perspective with regards the threat of squatting in the Borough. We continue to look for indicators of internal corruption in this risk area as new cases of squatting are identified. There is limited capacity available to work on squatting and most of the identified offences occurring fall outside of the jurisdiction of the fraud team.
- **Death List** – the team continue to monitor the council's use of death list information through the insights gained from case investigation and the outcomes of NFI data matching. Significant improvements have been made in recent years but there is still a clear indication that some services are not ceasing services in timely fashion either due to process error or potential fraud. Currently the NFI and some targeted internal data matching enable the risks to be mitigated in this area. This will remain an area of focus in 2026.

## 15. ANTI-FRAUD ACTIVITY

- 15.1 The team undertakes a wide range of anti-fraud activity and has two 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 and legal processes the performance of the team in the last three years has return to pre covid levels of performance.
- 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	Q3	YTD	Annual Measure
Properties Recovered	45	73	50
Right to Buys prevented	13	48	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 is embedded and the Tenancy Management restructure is complete. It is hoped these process and control improvements, the additional resources in housing planned will enable more robust proactive work to be completed, which will help to not only detect fraud but also deter it, in future. In quarter three the backlog of housing cases not allocated in the team and conversations about next year's work plan are exploring how we can provide extra resources for reactive and proactive work in the housing directorate. An additional temporary Housing Investigator resource has been approved for quarter four to help clear the backlog of housing cases.
- 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. The team undertake reviews of applications for Grant of Tenancy, Succession and Mutual Exchange and provide assurance to management who have to approve these applications. This year five applications have been denied as a result of this work. Of the 399 open fraud investigations 235 currently sit with other teams for action and 164 are live investigations with the fraud team. The team have no live housing fraud prosecutions currently but there are four cases where prosecution is the central objective of the investigation plan. Data cleansing work planned in quarter three was only part completed; this will need to be completed by year end.

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

Opening Caseload	433	
New Referrals received	46	
Total		
Properties Recovered		45
Case Closed – no fraud/no recovery action possible		35
Total		(-)
Ongoing Investigations		399

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

15.9 As of end of quarter three, there were 493 ongoing applications with 65 under investigation as part of the money laundering stage of the process. During the quarter, 13 RTB applications were 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. The applicants are served reminders, by 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. 119 new applications were received in this period; 35 ongoing applications remain in process awaiting re-valuation of the property value. 13 applications ceased for reasons other than the Corporate Anti-Fraud Team's direct intervention and 18 properties were sold.

### 15.10 Blue Badge Fraud

15.11 To date there have been 326 cases accepted as part of the fraud prevention project. Outcomes from cases to date:

- 90 closed, no further action.
- Six prosecutions.
- Three cases with legal.
- 68 cautions administered.
- 157 live cases – two at interview under caution stage.

15.12 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. Capacity is hindering the outcomes of this work however there is an agreed project to automate the process, and it is hoped by 2026/27 this will be embedded. Having had a strategy of focusing the finite resources on the worst offenders and prosecuting them, in quarter three our emphasis has

shifted to apply low level sanctions on a larger number of cases. The improved processes should enable the resources to achieve both objectives in future years.

- 15.13 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.

#### **15.14 Temporary Accommodation**

- 15.15 The proactive project with Housing Demand has led to 15 referrals into the team. Six have been closed; four frauds confirmed, and five cases remain live. Our proactive involvement in the project has ceased but referrals will be accepted as part of business-as-usual processes.

#### **15.16 National Fraud Initiative**

- 15.17 During this quarter the data sets for Direct Payments and Residential Placements were uploaded to the NFI portal. Social Care data has been excluded from the NFI data matching for a number of years, so this is a positive support for local authorities in this risk area. The results were received shortly before the end of the quarter and will be worked on in quarter four.
- 15.18 As noted above in the report the team continue to prioritise the death list related data matches due to the risk of fraud and the additional resource coming into the team in the period will enable fraud cases identified in NFI to be progressed.
- 15.19 In 2026 there will be quarterly payroll and agency worker matches within NFI to continue to work to protect the public sector from polygamous workers.



15.20 At the end of quarter three there were minimal outcomes captured in the portal to report but work continues and further updates will be provided later in 2026 to the committee when more match reports are closed.

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

15.22 As at end December 2025, six cases remain open. One case was closed in quarter three, three cases are now with legal and 3 with housing for action. Overall, 24 properties have been recovered, following the proactive data work of the team. The recoveries generated by this project are not included within the tenancy fraud performance. The team will repeat this data matching project again in 2026/27 and ensure the cases with legal progress into legal cases or are closed as appropriate before year end.

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

15.24 In quarter three, 15 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.

#### **15.25 Ad hoc requests**

15.26 The team deal day to day with many ad hoc requests from management for advice and guidance. They also respond to data protection information requests from other teams and public sector organisations. In quarter three a new corporate system has been implemented to respond to these requests. As some contacts i.e. from the police can require urgent responses, all officers need to be able to respond, the whole team has been trained and commenced using the new system in December.

#### **15.27 Internal Employee Investigations (excluding dual working)**

15.28 The Audit & Risk team are responsible to investigating all allegations of fraud, corruption, and financial irregularity against employees. At the start of quarter three the team had five live employee cases. One was completed and passed into the disciplinary process in the quarter. The other four remain open. Three are criminal cases, one at the stage where the prosecution file is being passed to legal services. The other two the team are preparing for Interviews Under Caution; one is an ex-employee. The fifth case is still in progress but at the reporting stage.

- 15.29 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.

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

- 15.31 In recent years there have been high numbers of these cases across the public sector. The NFI has developed data matching to help identify individuals with multiple employment contracts. These cases are all referred to the fraud team either from external sources, management, or Employee Relations Team so that preliminary fraud checks and assessment can be undertaken and fraud powers deployed. The team work closely with other organisations on these cases where there is criminality found a prosecution case will be led by the authority who has experienced and can evidence the greatest financial loss.
- 15.32 At the start of quarter, there we have one live ex-agency worker dual employment case which, is being led by another authority. One ex—employee case open, where we are leading.
- 15.33 Prior reports have communicated that in January 2025 the NFI highlighted eight new cases and a further eight had been received up to the end of September, these have all been investigated by the team, and appropriate action taken, there are also two cases from 2024/25 that remain open, none are being pursued further by the team however we do continue to support the police or other fraud teams who are pursuing a prosecution where applicable and outcomes will be reported in future reports.
- 15.34 In quarters three there have been two new dual worker cases. The team has completed all evidence gathering required re both cases one employee was dismissed and the other case has been passed to HR to consider disciplinary action.

### **15.35 Whistleblowing Referrals**

- 15.36 The Head of Audit and Risk Management maintains a record of referrals made using the Council's Whistleblowing Policy. At the start of quarter three the team had seven open referrals, four have closed in the period resulting in disciplinary and management actions (2) and No case to Answer (2), the other three remain open, two are being investigated by the team and one by management.
- 15.37 Seven new whistleblower allegations have been accepted since October, under the policy; all require investigation by audit.

