



**Report for:**  
**INFORMATION**

**Item Number:**

<b>Contains Confidential or Exempt Information</b>	No
<b>Title</b>	Counter fraud, intelligence and investigation report to March 2015
<b>Responsible Officer</b>	Steven Tinkler, Head of Audit and Investigations
<b>Author</b>	Ewan Taylor, Intelligence Manager – Fraud Team
<b>Portfolio</b>	Cllr Yvonne Johnson - Finance, Performance and Customer Services
<b>For Consideration By</b>	Audit Committee
<b>Date to be Considered</b>	25 June 2015
<b>Implementation Date if Not Called In</b>	N/A
<b>Affected Wards</b>	All
<b>Keywords/Index</b>	Counter fraud, intelligence and investigation

**Purpose of Report:**

The attached report describes the work of the Counter fraud, intelligence and investigation team for the period 1 April 2014 to 31 March 2015.

**1. Recommendation**

1.1 It is recommended that for the 12 month period 1 April 2014 – 31 March 2015, the Audit Committee:

- Notes the work undertaken by the Counter fraud, intelligence and investigation team.
- Review team performance (Appendix A).

**2. Reason for Decision AND Options Considered**

2.1 This is a programmed, periodic report.

**3. Key Implications**

3.1 The work of the investigation team has produced positive outcomes in respect of detection of fraud. The policy of prosecution for detected fraud rather than cautions or penalties has been maintained.

#### **4. Performance against existing targets**

- 4.1 Performance against targets for April 2014 to March 2015 is set out in detail in Appendix A.

#### **5. Document ID Checker**

- 5.1 The Council has two ID scanners which are used by front line services including the Housing and Human Resources teams, in addition to the Fraud team. The Fraud team provides training and support to officers across the council who use the ID scanners. Between April 2014 and March 2015 the ID scanner identified 22 documents that required further investigation by Audit & Investigation; following further review all 22 documents were found to be genuine. The ID checker is however a key tool in helping to protect customers and provides assurance that the customers are who they say they are, therefore proactively helping to mitigate potential fraud risks.

#### **6. Blue Badge**

- 6.1 Forty cases involving Blue Badge misuse were referred to Audit & Investigation in this period, of which seventeen remain under investigation.

#### **7. Data Matching**

- 7.1 Tenancy details for the Council's 13,000 properties were submitted to a private sector provider and matched against a number of data sources to provide a financial footprint. Up to 31 March 2013 eight properties were recovered as a result of this exercise. The matching exercise was repeated for 2014/15 which resulted in the instigation of six investigations. This resulted in the recovery of one council property and a second case has been authorised for prosecution.

#### **8. Track a Fraudster**

- 8.1 The Audit and Investigations team is taking part in an initiative to match data across a number of West London boroughs. The initiative has involved the creation of a database of information relating to Housing Benefit, Tenancies and Waiting Lists. This allows the comparison of information provided by individuals to neighbouring boroughs and enables a check across those boroughs.
- 8.2 The database is now being used prior to the allocation of a Council House to identify instances where individuals potentially have social housing in more than one borough. Data was formally shared between boroughs in March 2013; work is currently taking place to increase the level of data being shared. The use of the database has been rolled out to the Housing Application Officers to prevent housing fraud from entering the system. One applicant has been removed from the Ealing waiting list as a result and another applicant is being investigated for providing false information to the Council.

## **9. Housing Fraud**

- 9.1 The Audit and Investigation team continues to have two posts dedicated to investigating council tenancy related offences.
- 9.2 Between April 2014 and March 2015, seventeen council properties have been recovered with 2 cases being successfully prosecuted. Financial losses totalling £213k were identified in respect of associated Housing Benefit, Council Tax Benefit or Council Tax Reduction Scheme overpayments. We have been successful in recovering £23k from one particular case in respect of a Proceeds of Crime Act application, the remainder was forward the the Councils Debt Recovery team for recovery / collection.

## **10. National Fraud Initiative (NFI)**

- 10.1 The current exercise used data relating to 2014. The Council received 2,801 recommended matches in February 2015.
- 10.2 The table in appendix D details the progress made on the key reports. The key reports are the reports used by the NFI team to initially assess the Council's progress and are the reports deemed to be the most important based on previous NFI exercise experience.

## **11. Enhanced Vetting (EV)**

- 11.1 Ealing Council has a risk assessed process of EV for new recruits into both permanent and temporary posts and involves stringent checks to verify the validity of a candidate and their employment application.
- 11.2 Over the year, reasons for failure to progress into a post, have included Benefit and Council Tax fraud, false employment history, no right to work in the UK and falsified references.
- 11.3 The team are currently working with extra resources to ensure a complete service across temporary placements. They are also working with HR officers and the Recruitment Team to ensure the EV process is followed through team restructuring and redeployment.
- 11.4 An analysis of the EV team's performance can be found at Appendix B.

## **12. Financial**

- 12.1 All investigation activity covered in this report has been delivered within the Audit & Investigations budget. Savings arising from counter fraud activities are set out in the Appendix A.

### **13. Legal**

13.1 Counter Fraud work is carried out in compliance with criminal and civil law and criminal investigation procedures relevant to investigation work including: the Police and Criminal Evidence Act (PACE) 1984, the Criminal Procedure and Investigations Act (CPIA) 1996, the Social Security Administration Act 1992 (as amended), the Human Rights Act 1998, the Regulation of Investigatory Powers Act (RIPA) 2000, the Anti Terrorism Crime and Security Act 2001, the Public Interest Disclosure Act 1998 and relevant Employment Law.

### **14. Value for Money**

14.1 Compliance with best practice guidance ensures that the requirements of the Accounts and Audit Regulations 2011 will be met.

### **15. Sustainability**

15.1 Not applicable.

### **16. Risk Management**

16.1 Strong corporate governance including counter fraud and corruption should minimise officer distraction from key corporate objectives as a result of governance failure(s).

### **17. Community Safety**

17.1 Not applicable.

### **18. Links to Strategic Objectives**

18.1 The issues outlined in this report have a particular focus on the Council's ensuring it protects public funds and provides value for money.

### **19. Equalities and Community Cohesion**

19.1 An initial Equalities Impact assessment has been conducted and approved in relation to the Counter Fraud and Corruption Policy.

### **20. Staffing/Workforce and Accommodation implications**

20.1 None

### **21. Property and Assets**

21.1 Not applicable.

### **22. Any other implications**

22.1 None.

### **23. Consultation**

Name of consultee	Department	Date sent to consultee	Date response received from consultee	Comments appear in report para:
Internal				

Name of consultee	Department	Date sent to consultee	Date response received from consultee	Comments appear in report para:
Ian O'Donnell	Executive Director of Corporate Resources	02/06/15	02/06/15	Throughout
Maria Christofi	Director of Finance (Deputy s151 Officer)	02/06/15	02/06/15	Throughout
Cllr Yvonne Johnson	Portfolio Holder – Finance, Performance & Customer Services	17/06/15	17/06/15	Throughout

## 24. Timetable for Implementation

24.1 Not applicable.

## 25. Appendices

- 25.1 Appendix A: Investigation Team performance  
Appendix B: Enhanced Vetting statistics  
Appendix C: Examples of cases concluded  
Appendix D: National Fraud Initiative progress report

## 26. Background Information

26.1 Counter Fraud Strategy

## Appendix A - Investigation Team performance, 2014/15

	2013/14 year-end	2014/15 target	2014/15 actual
<b>Intelligence</b>			
Number of new cases started	1,017	700	<b>557</b>
Number of cases passed for investigation	623	350	<b>357</b>
Average time from receipt of referral to 'Accepted' and forwarded for investigation	30 days	28 days	<b>16 days</b>
<b>Investigation</b>			
Number of completed investigations ('Accepted' cases closed)	208	179	<b>293</b>
Average time from receipt of case from Intelligence Team to Case Officers recommendation	167 days	146 days	<b>191 days</b>
Number of cases where fraud established (balance of probabilities)	63	63	<b>56</b>
Number of sanctions applied (includes: Prosecution; Police caution; Disciplinary action; Tenancy application refused; Right To Buy application rejected; Council property recovered; School placement refused)	50	32	<b>43</b>
Number of council properties recovered	21	20	<b>17</b>
Value of actual financial loss proved	£775,959	£308,000	<b>£663,255</b>
<b>Investigation, benefit fraud</b>			
On 1 October 2014 responsibility for the investigation of welfare benefit fraud, including Housing Benefit and Council Tax Benefit, transferred to the Department for Work and Pensions, Single Fraud Investigation Service. The following reports outcomes from welfare benefit fraud cases that were completed by 30 September 2014.			
Number of completed investigations ('Accepted' cases closed)	452	N/a	<b>268</b>
Number of cases where fraud established (balance of probabilities)	145	N/a	<b>73</b>
Number of sanctions applied (prosecution, caution, administrative penalty)	99	N/a	<b>41</b>
Fraudulent benefit overpayment	£2,368,416	N/a	<b>£575,591</b>

## Appendix B – Enhanced Vetting Statistics

<b>01/04/14 to 31/03/15 EV Case Assurance Profile - Cases Complete</b>			
<b>Case Status</b>	<b>Cross Council</b>		
	<b>Total</b>	<b>Temp</b>	<b>Perm</b>
Complete	525	161	364
Pass	472	122	350
Fail	10	3	7
3 <sup>rd</sup> Party Referral*	8	3	5
Withdrawn	15	8	7
Agency Fraud	-	-	-
Assignment Ended	28	28	-

\* 3<sup>rd</sup> Party Referral – represents a suspected fraud that has been identified as a result of enquiries for example a benefit fraud by another member of a candidate's household.

## **Appendix C - Examples of Cases Concluded**

Candidate A was working as a temporary officer, whilst applying for a permanent position, in a business support role in a busy team. Enquiries revealed that the candidate had falsified references and invented an employment agency in order to secure the offer of employment. The candidate attended an interview and the offer of employment was withdrawn and the temporary engagement was ended immediately.

Anonymous information was received alleging Claimant A was in receipt of Housing benefit whilst not been resident at the address. The investigation revealed neither the tenant nor the landlord had informed the Council of this change. The landlord continued to receive rental payments for over 6 years after the tenant had moved out, resulting in an overpayment of Housing and Council Tax Benefit in excess of £23k. The landlord entered a guilty plea at Harrow Crown Court and was sentenced to 6 months imprisonment suspended for 18 months, ordered to pay a contribution of £200 towards costs of the prosecution, and the Council has commenced civil proceedings to recover the overpaid amount.

Candidate B was an existing member of staff who had secured a provisional offer of employment in a position of significant trust in a frontline customer service role. Enquiries with the candidate's home authority have led to a benefit fraud investigation. The candidate was interviewed by the Vetting Officer along with the recruiting manager and a HR officer but could not provide a satisfactory explanation and the offer has been withdrawn. The candidate was then subject to the council's disciplinary process but resigned their position.



## Appendix D - National Fraud Initiative

### Match review progress as at 31 March 2015

NFI key reports	Recommended Matches	Matches In Progress	Matches Forwarded for Investigation	Matches Completed	Matches to Action
Housing Benefit, NFI Id 2,13,14,14.1, 18,20,23	<b>697</b>	140	1	101	455
Payroll NFI id 66,70,73,80	<b>8</b>	1	-	7	-
Pension NFI Id 52,55,66,70,73,80	<b>167</b>	-	-	-	167
Housing Tenancy NFI Id 101,103	<b>14</b>	3	1	10	-
Right to Buy NFI Id 156	<b>97</b>	22	-	62	13
Resident Parking Permits NFI Id 172.3	<b>35</b>	-	-	-	35
Private Residential Care Homes NFI Id 173	<b>15</b>	-	-	-	15
Duplicate records creditor NFI Id 707,708	<b>512</b>	-	-	-	512
<b>Total</b>	<b>1,545</b>	<b>165</b>	<b>2</b>	<b>180</b>	<b>1,197</b>