



**Report for:
INFORMATION**

Item Number:

Contains Confidential or Exempt Information	NO
Title	Counter fraud, intelligence and investigation report to August 2014
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Portfolio	Finance & Performance, Cllr Yvonne Johnson
For Consideration By	Audit Committee
Date to be Considered	23rd September 2014
Implementation Date if Not Called In	N/A
Affected Wards	All
Keywords/Index	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 August 2014.

1. Recommendation

1.1 It is recommended that for the period 1 April – 31 August 2014, the Audit Committee notes:

- the work undertaken by the Counter Fraud, Intelligence and Investigation team; and
- the team performance during the same period (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 the prevention and detection of fraud. The team continues to use innovative practices in order to prevent fraud and increase detection rates. The policy of prosecution for detected fraud rather than cautions or penalties continues to be maintained.

4. Performance against existing targets

4.1 Performance against targets for April 2014 to August 2014 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 HR 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 August 2014 the ID scanner identified 8 documents that required further investigation by Audit & Investigation. Further analysis established that all 8 ID documents were genuine.

6. Blue Badge

6.1 Nine cases involving Blue Badge misuse were referred to Audit & Investigation between April 2014 and August 2014, five cases have been closed and nine remain under investigation.

7. CIFAS

7.1 As reported to previous Audit Committee meetings, CIFAS is a Staff Fraud Database (SFD) and a data-sharing agreement that enables responsible employers to file proven cases of staff fraud in order to prevent the perpetrator moving unchallenged to a new employer to commit further fraud.

7.2 From April to August 74 searches have been carried out on the SFD by the Enhanced Vetting Team as part of their vetting checks.

8. Data Matching

8.1 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 2013/14 which has resulted in the instigation of six investigations. The results will be reported to future Audit Committees.

9. Track a Fraudster

9.1 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.

9.2 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.

10. Housing Fraud

10.1 The Audit and Investigation team continues to have two posts, one funded by DCLG, dedicated to investigating council tenancy related offences.

10.2 Between April 2014 and August 2014, nine council properties have been recovered with 2 cases being successfully prosecuted. Financial losses totalling £196k have been identified.

11. National Fraud Initiative (NFI)

11.1 The NFI data matching is carried out every two years. The most recent exercise used data related to 2012. This match has now concluded which resulted in identifying £353,843 of fraud, error and overpayments.

11.2 We will be submitting the data for the NFI 2014/15 match in October, with potential matches requiring investigation being returned in early 2015. Once received, the data will be analysed and the results of this activity will be reported in future audit committees.

12. Enhanced Vetting (EV)

12.1 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.

12.2 Reasons for failure have included Benefit and Council Tax fraud and unsatisfactory references.

12.3 In May the Enhanced Vetting Administrative Officer was redeployed at the end of a one year fixed term position with the Enhanced Vetting team.

12.4 An analysis of the EV team's performance can be found at Appendix B. There are no EV case studies for this period as both failed candidates are subject to ongoing action.

13. Single Fraud Investigation Service (SFIS)

13.1 SFIS, the formation of a single fraud investigation service, a partnership between DWP, HMRC and Local Authorities, covering the totality of welfare benefit fraud was confirmed in the Autumn Statement on Thursday 5 December 2013 by the Chancellor of the Exchequer.

13.2 This announcement confirms that SFIS will be launched within the DWP as a single organisation and a phased implementation will commence from October 2014 – March 2016. SFIS will operate to a single set of policies and procedures and will provide a nationally flexible service to tackle all welfare benefit fraud. Prosecutions arising from SFIS investigations will be conducted by the Crown Prosecution Service in England and Wales and the Procurator Fiscal in Scotland.

13.3 Since the last report to the committee, the Council received confirmation from the DWP that the implementation of SFIS at Ealing would take effect from the 1 October 2014. The implications for the Council in respect of this are:

- Housing Benefit fraud cases will be investigated by the DWP from 1 October 2014;
- Four HB Investigators will TUPE transfer to the DWP on the 1 October 2014, in accordance with the SFIS national project.

Whilst the Council will see a reduction in its counter fraud resource, the committee should note that the resources transferring have been dedicated to the investigation of HB fraud matters only. The counter fraud resource available to investigate non HB fraud cases remains unaffected.

The Head of Audit and Investigation would however like to thank the four members of the team transferring to the DWP for the dedication, hard work and efforts to combat HB Fraud.

14. Head of Audit and Investigation post

14.1 This arrangement was approved by the Committee in March 2013, discussions are currently ongoing between LBE and LBH to further develop this relationship. Developments in respect of these discussions will be reported to future committees.

15. Financial

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

16. Legal

16.1 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.

17. Value for Money

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

18. Sustainability Impact Appraisal

18.1 Not applicable.

19. Risk Management

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

20. Community Safety

20.1 Not applicable.

21. Links to Strategic Objectives

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

22. Equalities and Community Cohesion

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

23. Staffing/Workforce and Accommodation implications:

23.1 Not applicable

24. Property and Assets

24.1 Not applicable

25. Any other implications

25.1 None.

26. Consultation

26.1 Not applicable.

27. Timetable for Implementation

27.1 Not applicable.

28. Appendices

Appendix A: Investigation Team performance

Appendix B: Enhanced Vetting Statistics

Appendix C: Examples of Cases Concluded

29. Background Information

29.1 Past counter fraud papers are available upon request from Steven Tinkler, tinklers@ealing.gov.uk.

Appendix A - Investigation Team performance, 2014/15

	2013/14 year-end	2014/15 target	2014/15 profile	2014/15 actual
Intelligence				
Number of new cases started	1,017	1,000	416	327
Number of cases passed for investigation	623	500	208	203
Average time from referral to forwarded for investigation	30 days	28 days	N/A	18 days
Investigation, benefit				
Number of completed investigations ('Accepted' cases closed)	452	300	125	128
Average time from receipt of case from Intelligence Team to Case Officers recommendation	202 days	196 days	N/A	223 days
Number of cases where fraud established (balance of probabilities)	145	130	54	60
Number of sanctions applied (prosecution, caution, administrative penalty)	99	88	36	39
Fraudulent benefit overpayment	£2,368,416	£1,500,000	£625,000	£453,157
Investigation, corporate				
Number of completed investigations ('Accepted' cases closed)	208	179	74	130
Average time from receipt of case from Intelligence Team to Case Officers recommendation	167 days	146 days	N/A	154 days
Number of cases where fraud established (balance of probabilities)	63	66	27	27
Number of sanctions applied (prosecution, caution, administrative penalty, disciplinary, council property recovery)	50	33	13	21
Number of council properties recovered (included above)	21	20	8	9
Value of loss proved (benefit overpayment included above)	£775,959	£375,000	£156,250	£198,408
Case disposal				
Team Leader sanction decision within 10 working days of Case Officer disposal recommendation	97%	92%	N/A	92%
Ad Pen and Caution appointments arranged within 10 working days of Team Leader authorisation	97%	95%	N/A	86%

Appendix B – Enhanced Vetting Statistics

2013/14 EV Case Assurance Profile - Cases Complete					
Case Status	Cross Council				
	Total	Temp	%	Perm	%
Total	278	92	34	186	66
Pass	174	32	18	142	82
Fail	2	0	0	2	1
3 rd Party Referral	2	0	0	2	1
Withdrawn	6	4	12	2	1
Agency Fraud	0	0	0	0	0
To be Determined	87	47	52	40	21
Assignment Ended	9	9		0	0

Appendix C - Examples of Cases Concluded

Claimant A had continuously claimed benefit for over 4 ½ years. Her claim was based on her residing with her self-employed husband, dependent children and working as a self-employed cleaner. An investigation was launched as information was received from the National Fraud Initiative (NFI) showing she had been employed by Ealing Council as a school cleaner since 2010. At interview she admitted the offence and had been overpaid benefit in excess of £26k. She attended Ealing Magistrates Court and received a suspended sentence order for 12 months along with a 150 hours unpaid work order and £80 victim surcharge.

A joint investigation with the DWP was instigated following receipt of information indicating that claimant B had failed to declare savings and capital in various financial accounts. As a result he received benefits he was not entitled too totalling £60k. At Isleworth Crown Court he pleaded guilty to all charges and was sentenced to 6 months imprisonment concurrent on all 5 counts.

Anonymous information was received alleging Claimant C was not resident and subletting his property. The investigation revealed that he failed to declare he was a full time student in receipt of student awards resulting in an overpayment of Housing and Council Tax Benefit in excess of £11k over a period of 20 months. He failed to attend court and a warrant was issued for his arrest. 9 Months later the Investigation Team were informed that Claimant C had been arrested and bailed to appear at Ealing Magistrates Court to answer the charges. He pleaded guilty and was sentenced to 8 weeks imprisonment concurrent on each of the 4 charges.

A referral was received from the Housing Benefit Team that claimant D had failed to declare he had vacated the claim address and received over £14k in Housing Benefit that was not entitled too. At Ealing Magistrates Court he pleaded guilty and was sentenced to 6 weeks imprisonment reduced from 9 weeks due to his guilty plea.

Data received from the NFI indicated that Claimant E was employed by Ealing NHS Trust, as a result she was overpaid £6k in Housing and Council Tax Benefit over a period of 19 months. She failed to attend any formal interview and subsequent Administrative Penalty interviews. The case was referred for

prosecution and she pleaded guilty at the first hearing. She was sentenced to carry out a Community Service Order for 12 months and 80 hours unpaid work. A victim surcharge of £60 was awarded and she also has to pay costs of £378.00.