



**Report for:
INFORMATION**

Item Number: 11

Contains Confidential or Exempt Information	NO
Title	Counter fraud, intelligence and investigation report to November 2014
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Portfolio	Finance, Performance and Welfare, Cllr Yvonne Johnson
For Consideration By	Audit Committee
Date to be Considered	14 January 2015
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 September 2014 to 30 November 2014.

1. Recommendation

1.1 It is recommended that for the 3 month period 1 September – 30 November 2014, 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 to November 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 September 2014 and November 2014 the ID scanner identified 8 documents that required further investigation by Audit & Investigation.

6. Blue Badge

6.1 Nine cases involving Blue Badge misuse were referred to Audit & Investigation, five cases have been closed and four 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 has been repeated for 2014/15 which has resulted in the instigation of six investigations. The results will be reported to future Audit Committees.

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.

9. Housing Fraud

- 9.1 The Audit and Investigation team continues to have two posts, one funded by DCLG, dedicated to investigating council tenancy related offences.
- 9.2 Between April 2014 and November 2014, nine council properties have been recovered with 2 cases being successfully prosecuted. Financial losses totalling £196k have been identified.

10. National Fraud Initiative (NFI)

- 10.1 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.
- 10.2 The NFI data match has been submitted for 2014/15. In February 2015 the NFI will provide the matches to the Council. This data will be analysed and results will be reported in future Audit Committees.

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 Recent 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 unsatisfactory references.
- 11.3 The team are currently trying to secure resources to be able to provide a complete service across temporary placements.
- 11.4 An analysis of the EV team's performance can be found at Appendix B.

12. Single Fraud Investigation Service (SFIS)

- 12.1 From the 1 October the responsibility for investigating benefit fraud has transferred to the DWP. Fraud referrals will continue to be dealt with by the Intelligence Team in order to assess them for any non-benefit related frauds.

13. Financial

- 13.1 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.

14. Legal

- 14.1 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.

15. Value for Money

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

16. Sustainability Impact Appraisal

16.1 Not applicable.

17. Risk Management

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

18. Community Safety

18.1 Not applicable.

19. Links to Strategic Objectives

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

20. Equalities and Community Cohesion

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

21. Staffing/Workforce and Accommodation implications:

21.1 Not applicable

22. Property and Assets

22.1 Not applicable

23. Any other implications

23.1 None.

24. Consultation

24.1 Not applicable.

25. Timetable for Implementation

25.1 Not applicable.

26. Appendices

26.1 Appendix A: Investigation Team performance
Appendix B: Enhanced Vetting Statistics
Appendix C: Examples of Cases Concluded

27. Background Information

27.1 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	700	466	410
Number of cases passed for investigation	623	350	233	269
Average time from receipt of referral to 'Accepted' and forwarded for investigation	30 days	28 days	N/a	16 days
Investigation				
Number of completed investigations ('Accepted' cases closed)	208	179	119	181
Average time from receipt of case from Intelligence Team to Case Officers recommendation	167 days	146 days	N/A	185 days
Number of cases where fraud established (balance of probabilities)	63	63	42	35
Number of sanctions applied (includes: Prosecution; Police caution; Disciplinary action; Tenancy application refused; Right To Buy application rejected; Council property recovered; Council Tax Reduction Scheme penalty; Blue Badge seized)	50	32	21	23
Number of council properties recovered	21	20	13	9
Value of actual financial loss proved	£775,959	£308,000	£205,333	£399,873
Investigation, benefit fraud				
Since 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 therefore reports outcomes from cases completed by 30 September 2014.				
Number of completed investigations ('Accepted' cases closed)	452	N/a	N/a	259
Number of cases where fraud established (balance of probabilities)	145	N/a	N/a	66
Number of sanctions applied (prosecution, caution, administrative penalty)	99	N/a	N/a	40
Fraudulent benefit overpayment	£2,368,416	N/a	N/a	£570,834

Appendix B – Enhanced Vetting Statistics

1/9/14 to 22/12/14 EV Case Assurance Profile - Cases Complete					
Case Status	Cross Council				
	Total	Temp	%	Perm	%
Total	158	20	13	138	87
Pass	147	16	11	131	89
Fail	4	1	5	3	2
3rd Party Referral	2	-	-	2	1
Withdrawn	3	1	5	2	1
Agency Fraud	-	-	-	-	-
Assignment Ended	2	2	10	-	-

Appendix C - Examples of Cases Concluded

Anonymous information was received alleging Claimant A was working as a driving instructor. The investigation revealed that he failed to declare he was working as a driving instructor, resulting in an overpayment of Housing and Council Tax Benefit in excess of £45k. He attended Harrow Crown Court and pleaded guilty and was sentenced to 6 months imprisonment suspended for 12 months, 150 hours unpaid work and a curfew (electronically tagged) for 6 months.

Candidate B had secured a provisional offer of permanent employment in a position of trust in qualified social care. 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.

Data received from the NFI indicated that Claimant C was in receipt of student awards. The investigation revealed that he failed to declare he was a student in receipt of student awards, resulting in an overpayment of Housing and Council Tax Benefit in excess of £7k. Claimant C attended Uxbridge Magistrates Court and pleaded guilty and received a Community Order for 12 months with a single requirement to complete 100 hours of unpaid work, £60 victim surcharge.

Candidate D was working in a frontline customer service role as a temporary placement. Enquiries revealed that the candidate had been subject to an investigation at a previous authority and the work history provided could not be substantiated. The candidate was asked to attend an interview regarding this but left immediately.