



City of Westminster

# Audit & Performance Committee Report

<b>Meeting:</b>	Audit & Performance Committee
<b>Date:</b>	10 <sup>th</sup> July 2019
<b>Classification:</b>	For General Release
<b>Title:</b>	Counter Fraud 2018/19 – End of Year Report
<b>Wards Affected:</b>	All
<b>Financial Summary:</b>	The Council's budget
<b>Report of:</b>	Gerald Almeroth, Executive Director Finance and Resources
<b>Report author:</b>	Andy Hyatt, Tri-borough Head of Fraud email: <a href="mailto:Andrew.hyatt@rbkc.gov.uk">Andrew.hyatt@rbkc.gov.uk</a> 020 7361 2777

The Audit and Performance Committee's Terms of Reference require that the Committee receive reports on internal and external fraud investigated by the Council. This report is intended to brief members of the Committee in respect of work undertaken by the fraud service during the period 1 April 2018 to 31 March 2019.

**FOR INFORMATION**

## 1. BACKGROUND

- 1.1 This report provides an account of fraud related activity undertaken by the Corporate Anti-Fraud Service (CAFS) from 1 April 2018 to 31 March 2019.
- 1.2 CAFS remains a shared service covering three Councils and continues to reap a number of benefits including the sharing of skills and expertise, a "compare and contrast" review to identify the best practice and the streamlining of anti-fraud related policies and procedures.
- 1.3 CAFS continues to provide Westminster City Council with a full, professional counter fraud and investigation service for fraud attempted or committed against the Council.
- 1.4 For the period 1 April 2018 to 31 March 2019, CAFS identified 231 positive outcomes, including 100 successful prosecutions and 24 recovered tenancies,

and stopped successions. Fraud identified has a notational value of over £629,548 and is detailed in the following table.

Activity	2017/18		2018/19	
	Fraud proved	Notional Values (£'s)	Fraud proved	Notional Values (£'s)
Housing application fraud	29	65,532	0	0
Right to Buy	57	121,060	38	56,780
Advisory Reports (pro-active)	8	16,000	4	11,392
<b>Prevention subtotal</b>	94	202,592	42	68,172
Tenancy Fraud (Council and Registered Providers)	21	117,550	24	207,350
Insider fraud	4	8,500	2	8,000
High/Medium risk fraud (e.g. NNDR, Procurement)	-	0	2	3,315
Low-risk fraud (e.g. Freedom passes, Council Tax SPD)	7	15,353	6	2,649
Disabled Parking	23	69,096	96	216,000
Resident's Parking	61	71,795	52	56,800
<b>Detection subtotal</b>	99	439,098	182	494,114
Proceeds of Crime (POCA)	5	17,425	6	64,112 <i>(repaid to date 48,900)</i>
Press releases and publicity	-	-	1	3,150
<b>Deterrence subtotal</b>	5	17,425	7	67,262
<b>Total</b>	215	502,311	231	629,548

1.5 Between 1 April 2018 to 31 March 2019, CAFS investigated 578 cases, including 380 new referrals, and concluded 421 investigations. Conclusion could mean support of a successful prosecution, successful prevention that stops fraud, a detection that identifies fraud and stops it continuing, an action that deters fraud, or no further action where there is no case to answer.

1.6 The table below shows this activity and details the fraud types that make up the closed cases, and the live caseload at the start of the current financial year.

Activity	Cases	Fraud types	Closed	Live
Live cases as at 01/04/18	198	Tenancy & Housing cases	184	86
New referrals received	380	Insider fraud	3	4
Closed investigations	421	Other Corporate	13	9
Positive outcomes	231	Parking and Blue Badges	215	56
Live cases as at 01/04/19	157	POCA	6	2

1.7 Details of noteworthy cases are reported in Appendix 1.

## 2. WHISTLEBLOWING

- 2.1 The Council's whistleblowing policy continues to be the primary support route for staff wishing to report a concern.
- 2.2 Since April 2018 CAFS received one referral via the whistleblowing process which was concluded. The table below provides an overview of the allegation and outcome of the investigation;

Allegation		Outcome
i.	Codes of Conduct breaches	Investigation concluded

## 3. ANTI-FRAUD AND CORRUPTION STRATEGY

- 3.1 The Council's Anti-Fraud & Corruption Strategy is based on three key themes: Acknowledge, Prevent and Pursue, and is aligned with the National Strategy: *Fighting Fraud and Corruption Locally*.
- 3.2 The Strategy places emphasis upon the following anti-fraud activities:
- i. **Acknowledge:** recognising and understanding fraud risks and committing support and resource to tackling fraud to maintain a robust anti-fraud response.
  - ii. **Prevent:** preventing and detecting more fraud by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture.
  - iii. **Pursue:** punishing fraudsters and recovering losses by prioritising the use of civil sanctions, developing capability and capacity to investigate fraudsters and developing a more collaborative and supportive law enforcement response.

## 4. ACKNOWLEDGE, PREVENT, PURSUE

### (i) ACKNOWLEDGE

#### **Committing support and resource to tackling fraud.**

- 4.1 A vital element of a counter-fraud strategy is the ability of an organisation to call upon competent, professionally trained officers to investigate suspected fraud, and through the resourcing and support for CAFS, the council demonstrates it is committed to tackling fraud.

- 4.2 As part of this commitment of professionalism, the head of service is working closely with the Cabinet Office to extend membership of the Government Counter Fraud Profession to local authorities.
- 4.3 Having received ministerial consent in January 2019, work is well underway to map local authority standards to those of central government to ensure they are comparable, and we expect Westminster City Council to become one of the first councils to qualify to join the profession by the end of this financial year.
- 4.4 In support of this CAFS has also become a founder member of a new Counter Fraud Apprenticeship Scheme in partnership with the Institute for Apprenticeships and Technical Education, HMRC, Cabinet Office and a selection of other local authorities.
- 4.5 The new counter fraud apprenticeships will provide opportunities for individuals to forge a career path in counter fraud, with a practical approach to training that offers professional accreditation. The scheme is reaching its final sign-off stage, and it is expected to roll out in the autumn.

#### **Maintain a robust anti-fraud response.**

- 4.6 There are three critical elements of the operational plan that underpins and drives the Anti-Fraud and Corruption Strategy, and CAFS refer to this as the *Fraud Resilience Triangle*. The triangle is formed of:
- 1) Fraud Risk Register (*Acknowledge*)
  - 2) Pro-Active Work Programme (*Prevent*)
  - 3) Reactive Referrals (*Pursue*)
- 4.6 Responding solely with reactive referrals often fails to provide the levels of coverage required to provide a robust anti-fraud response. Therefore, during 2018/19 CAFS continue to dedicate resources to pro-active operations.
- 4.7 Combining pro-active work plans with reactive capability increase the chances of fraud detection. But regardless of how successful a proactive fraud operation may be in detecting fraud, it can always serve as a deterrent if the work is done visibly and if it is performed in areas that fraud perpetrators may consider operating.
- 4.8 Details of concluded risk reviews and pro-active counter fraud activity are reported in Appendix 1.

#### **(ii) PREVENT**

##### **Corporate investigations**

- 4.9 Corporate investigations are fraud cases which relate to employee fraud or more complex third-party fraud investigations.

4.10 Additionally, CAFS continue to work closely with Council's Human Resources Department to ensure that matters are investigated promptly so that appropriate disciplinary action can be taken, as well as ensuring that civil or criminal proceedings are also pursued where admissible evidence is found.

4.11 Since 1 April 2018 corporate investigation work has included:

- Falsely claimed business rates refund – A member of the public had intercepted post intended for a company due a refund and made a false application. Full repayment received following CAFS interview. Suspect prosecuted and received suspended prison sentence and order to carry out unpaid work.
- Dissemination of a Financial Risk Fraud Alert regarding revenue collection refund fraud. The alert helped to prevent a fraud against the City Council when vigilant officers identified an individual, who was named on the alert, trying to falsely create a business rate liability and promptly placed a hold on the account.
- Former employee in Adult Social Care who was found to be have provided false work history and employment references when applying to join Westminster. Prosecution resulted in another suspended prison sentence and an order to carry out unpaid work.
- Dissemination of a Fraud Alert to schools highlighting the risks of counterfeit cheques and cheque theft.
- Personal Budget misuse investigation identified over £2,000 misused by client's family, advised on recovery and introduced controls to prevent future loss.
- Council Tax: Single Person Discount - £2,550 removed and bills revised

### **Housing/Tenancy Fraud**

4.7 CAFS provides an investigative service to all aspects of housing, including the verification applications for housing support, as well as applications for the succession or assignment of tenancies. CAFS also investigate allegations of subletting or other forms of tenancy breaches as well as the checking of all right to buys.

4.8 For the period 1 April 2018 to 31 March 2019, CAFS has successfully prevented six false successions/assignments, recovering twenty-four properties that can now be allocated to a family in genuine need of assistance. Four cases concluded in criminal convictions due to unlawful subletting.

4.9 Referrals from Housing Solutions Service has been low but engagement work including further fraud awareness training has been agreed.

4.10. Additionally, twelve recoveries involved the return of keys and vacant possession without the need for lengthy and costly legal action and ensuring properties can be promptly reallocated.

4.11 Full details of successful investigation activity regarding social housing are detailed in the table below, and noteworthy cases are reported in Appendix 1.

Landlord	Location	Postcode	Size (bedrooms)	Reason for recovery	Outcome
Octavia	Bravington Rd	W9	1	Non-residency	Property surrendered
Council	Dalton House	SW1W	3	Non-residency	Court possession
Council	Scott Ellis Gardens	NW8	1	Subletting	Property surrendered
Octavia	Siddons Lane	NW1	1	Non-residency	Property surrendered
Council	Fitzrovia Court	W1W	Studio	Non-residency	Property surrendered
Council	Fitzrovia Court	W1W	Studio	Non-residency	Property surrendered
Council	Scott Ellis Gardens	NW8	1	Subletting	Criminal prosecution
Council	Russell House	SW1	3	False claim	Succession stopped
Council	Coleridge House	SW1	3	Non-residency	Property surrendered
Council	Downland Street	W10	3	Subletting	Court possession
Peabody	Harvey House	SW1V	2	False claim	Succession stopped
Council	Oliphant Street	W10	2	False claim	Succession stopped
Soho	Berwick Street	W1	1	Not resident	Property surrendered
Council	Missenden House	NW8	1	False claim	Succession stopped
Council	Porchester Square	W2	2	False claim	Succession stopped
Council	Heather Walk	W10	1	False claim	Succession stopped
Council	Verney House	NW8	1	Subletting	Criminal prosecution
Council	Missenden House	NW8	1	Subletting	Court possession
Peabody	Faraday House	WC2	2	Subletting	Property surrendered
Soho	John Broadwood House	W1	2	Subletting	Property surrendered
Peabody	Malcolmson House	SW1V	1	Subletting	Property surrendered
Peabody	Malcolmson House	SW1V	2	Subletting	Criminal prosecution
Peabody	Charing Cross Road	WC2	2	Subletting	Court possession
Peabody	Harvey House	SW1V	3	Non-residency	Court possession

### Right to Buy (RTB)

4.12 CAFS apply an enhanced fraud prevention process to all new RTB applications, including anti-money laundering questionnaires as well as financial and residential verification.

4.13 For the period 1 April 2018 to 31 March 2019, CAFS have successfully prevented 38 Right to Buys from completion, where suspicion was raised as to the tenant's eligibility or financial status. In many instances, these have been as a result of the tenant voluntarily withdrawing their application once checking commenced.

4.14 The prevention work undertaken by CAFS in respect of RTB continues to protect valuable Council stock.

## **Parking investigations**

- 4.15 CAFS continue to investigate the misuse of disabled parking badges, and for the period 1 April 2018 to 31 March 2019 have successfully prosecuted 96 offenders. A further fourteen cases are currently lodged with the Council's solicitors awaiting court dates.
- 4.16 From the successful prosecutions secured to date, fines totalling £20,551 were imposed, and defendants ordered to pay the Council a total of £32,196 in costs and victim surcharges. The table below identifies the wards where offenders were unlawfully parking when apprehended.

<b>WARD</b>	<b>Prosecutions</b>
West End	41
Marylebone High Street	37
Bryanston & Dorset	6
Hyde Park	6
St James	4
Knightsbridge & Belgravia	2

- 4.17 In addition to stopping misuse by driver, CAFS also cancelled 18 blue badges where the badge holder was not eligible to have received the badge and removed three personalised disabled bays that were no longer required.
- 4.18 CAFS also investigate the misuse of residents parking permits and any suspicious applications. For the period 1 April 2018 to 31 March 2019 the team have successfully detected and taken appropriate action against 32 offenders.

### **(iii) PURSUE**

#### **Deterrence**

- 4.19 Stopping fraud and corruption from happening in the first place must be our primary aim. However, those who keep on trying may still succeed. It is, therefore, essential that a robust enforcement response is available to pursue fraudsters and deter others.

#### **Sanctions**

- 4.20 Criminal prosecutions are one of the strongest fraud deterrents due to the powers and sanctions of the criminal court, including confiscation, the threat of a custodial sentence and a criminal record.
- 4.21 For the period 1 April 2018 to 31 March 2019, CAFS has successfully prosecuted 100 offenders, including four housing frauds linked to illegal

subletting. Currently, CAFS have a further seventeen cases lodged with the Council's solicitor for prosecution activity.

4.22 Details of noteworthy cases are reported in Appendix 1.

### **Proceeds of crime**

4.23 To deter fraud, it is important that the Council publicise the successful outcomes of their investigations. CAFS record a positive result each time a story is published by the national or local media because positive publicity about the successful detection, prosecution or prevention of fraud may help to deter others.

## **5. LOCAL GOVERNMENT TRANSPARENCY CODE**

5.1 The Local Government Transparency Code sets out key principles for local authorities in creating greater transparency through the publication of public data.

5.2 The Government believes that in principle all data held and managed by local authorities should be made available to local people. The Government believes that local people are interested in how their authority tackles fraud and have introduced a mandatory requirement in respect of fraud data.

5.3 The table below shows current activity in respect of the required data for the financial year ending 31<sup>st</sup> March 2019.

<b>Information</b>	<b>17/18</b>	<b>18/19</b>
Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers	59	57
Total number (absolute and full-time equivalent) of employees undertaking investigations and prosecutions of fraud	6	6.5
Total number (absolute and full-time equivalent) of professionally accredited counter fraud specialists	6	6.5
Total amount spent by the authority on the investigation and prosecution of fraud, and	£405,000	£418,000
Total number of fraud cases investigated	309	578

## **6. FORWARD PLANNING**

### **Resource allocation**

6.1 Each year CAFS complete a workplan of anticipated reactive and proactive work to direct resources to achieve key objectives.

6.2 The quantity of reactive referrals will vary each year causing fluctuations, however, by tracking these changes CAFS can identify areas of growing risk and diverting resources as required.

6.3 The table below shows the planned number of days allocated to counter fraud activity for the financial year 2019/20, the actual number of days resourced, as well as the resource variance, the number of cases concluded and the outputs achieved.

Reactive (days)	Anticipated days	Actuals days	Variance	Total cases actioned	On-going @ 1/4/19	Positive Outputs
Tenancy	280	445	165 ↑	254	81	24
Right to Buy	80	104	24 ↑	78	15	38
Housing	120	35	85 ↓	17	5	-
Insider	40	62	22 ↑	8	4	2
Corporate	140	47	93 ↓	26	11	8
Parking	80	255	175 ↑	91	46	52
<b>Total</b>	<b>740</b>	<b>948</b>	<b>208 ↑</b>	<b>474</b>	<b>162</b>	<b>124</b>
<b>Proactive (days)</b>						
Risk reviews	120	34	86 ↓	3	-	3
Fraud operations	50	14	36 ↓	1	-	1
Parking inspections	150	126	24 ↓	96	-	96
<b>Total</b>	<b>320</b>	<b>174</b>	<b>146 ↓</b>	<b>474</b>	<b>162</b>	<b>124</b>
<b>Data analytics (days)</b>						
Data matching	50	2	48 ↓			
<b>Additional activity</b>						
POCA						6
Press releases						1
<b>Totals</b>	<b>1,110</b>	<b>1124</b>	<b>14 ↑</b>	<b>574</b>	<b>162</b>	<b>231</b>

6.4 Based on the resource variations in 2018/19, the table below shows the 2019/20 resource allocation along with the expected levels of output.

Reactive	Anticipated days	Estimated outputs
Tenancy	480	27
Right to Buy	80	30
Housing	60	10
Insider	40	3
Corporate	50	14
Parking	100	25
<b>Proactive</b>		
Risk reviews	100	10
Fraud operations	40	3
Parking inspections	120	100
<b>Data analytics</b>		
Data matching	40	10
<b>Additional activity</b>		
POCA	-	5
Press releases	-	3
<b>Total days allocated</b>	<b>1,110</b>	<b>240</b>

## Proactive work

- 6.5 CAFS proactive work for 2019/20 is aligned with the Council's anti-fraud strategy and aims to enhance the Council's overall fraud resilience. It is a risk-based programme of work that supports the assurance framework by focusing counter-fraud activity in areas of high fraud risk and on newly or emerging fraud risks.
- 6.6 By introducing pro-active work with reactive capability improves fraud prevention, helps to identify fraud risks, and increases the chances of fraud detection.
- 6.7 The proactive work for 2019/20 is briefly described in the table below.

Risk ref	LA	Fraud risk	Current Score	Activity
G4	Bi-Borough	<b>Bribery and Corruption</b> – Review of risk across the Council including a survey by head of service	12	Q1 – 4
		<b>Gifts &amp; hospitality</b> – Quarterly reviews of register		
G5	wcc	<b>Procurement</b> – review of suppliers on Capital e Sourcing and data cleansing.	12	Q1 - 2
G9	Bi-Borough	<b>Mandate Fraud and Fake Invoices</b> - A third party tries to change a direct debit, standing order or bank transfer mandate, by purporting to be an organisation that the Council uses.	12	Q2 - 4
S2	Bi-Borough	<b>Human Resources</b> – Review of controls regarding qualifications or right to work.	12	Q1 – 3
S4	wcc	<b>Housing Fraud</b> – pro-active exercises focusing on temporary accommodation	12	Q2 - 4
S5	wcc	<b>Tenancy Fraud</b> - Risk of Council properties being misused, sub-let or abandoned - including false applications for succession and assignment	12	Q1 – 4
		<b>Voids &amp; sign-up process</b> – Risk of voids being misused and not processed correctly, risk of property being let to those who are not eligible for support.	12	Q1 - 2
		<b>Anti-money laundering &amp; anti-bribery awareness</b> - bespoke to housing	12	Q2 - 3
S6	Bi-Borough	<b>Schools</b> – Recruitment, procurement and control of assets (including cash)	12	Q3 – 4
S11	Bi-Borough	<b>Resident's Parking</b> - Risk of false applications tendered to fraudulently obtain a permit and avoid parking charges	9	Q2 – 4
S16	Bi-Borough	<b>Adult Social Care: Direct Payments/Personal Budgets</b> - Review of payment process	9	Q2 – 3
S19	Bi-Borough	<b>Family &amp; Childrens Services</b> - Section 17 of the Children Act 1989 & foster care and adoption.	9	Q3 – 4
S21	Bi-Borough	<b>Libraries</b> – review of fraud risks	9	Q3 - 4

## National Fraud Initiative (NFI)

- 6.8 A vital component of the of the anti-fraud and corruption strategy is making better use of information and technology. To this effect, CAFS participate in the

National Fraud Initiative (NFI) which is a data matching exercise carried out by the Cabinet Office.

6.9 The national exercise is run every two years, and work has already begun on the 2019/20 report using the data extracted in 2018.

6.10 The tables below highlight the number of referral received from the NFI exercise, and the progress made to date.

Report Type	Westminster City Council	
	Number of Reports	Number of Matches
Blue Badges	3	218
Creditors History	7	4100
Creditors Standing	4	715
Council Tax Reduction Scheme	30	560
Deferred Pensions	1	32
Housing Tenants	18	318
Personal Budgets	5	29
Procurement	2	21
Pensions	3	186
Payroll	9	236
Right to Buy	3	25
Private Residential Care Homes	1	30
Parking Permits	2	50
Waiting List	13	199
<b>TOTALS</b>	<b>101</b>	<b>6719</b>
Under Examination	40	38
<b>Examination Complete</b>	<b>19</b>	<b>5089</b>
Active Investigations	N/A	18
Positive Results	N/A	34

6.11 The tables below highlight a selection of early successes generated from the NFI exercises. Full details will be reported in the half year progress report, that will be presented to the Audit and Performance Committee later in the year.

Report Name	Match ID	Comments	Financial saving/recovery
Personal Budgets to deceased person records	4	Report highlighted an overpayment of Direct Payments – recovery in progress	£3,661.26
Duplicate invoices	3	Reported identified duplicate payment to a Family Services supplier. Recovery action taken.	£1,259.88
Duplicate invoices	5	Reported identified duplicate payment to a Family Services supplier. Credit note issued.	£1,243.66

Duplicate invoices	Multiple	Reported identified 28 duplicate payments, with a total value of £82,541.03 which had been made to Westminster City Council suppliers. Action taken to recover payments.	£82,541.03
Blue badge to blue badge between local authorities	1	Report revealed a processing error. A blue badge had been issued to a person who was only entitled to a local disabled parking permit. Badge cancelled.	n/a
CTRS to DWP records	2	CTRS paid to an individual that was not entitled.	£3,707.33
Waiting List to Housing Benefit Claimants	48	Report revealed that person on the Council's waiting list had found accommodation but not been removed from list. Individual now removed.	n/a
<b>Total</b>			<b>£92,413.16</b>

**David Hughes**  
**Director of Internal Audit, Risk, Fraud & Insurance**

**Local Government Access to Information Act – background papers used:**  
Case Management Information

**Officer Contact:**  
**Andy Hyatt**  
Tri-borough Head of Fraud  
**Telephone** 0207 361 3795  
**E-mail:** [andrew.hyatt@rbkc.gov.uk](mailto:andrew.hyatt@rbkc.gov.uk)

### PRO-ACTIVE OPERATIONS

Source	Fraud Review	Details	Risk
<p>Risk Review</p>	<p><b>Westminster Housing Options Service - allocations</b></p> <p>A referral from Westminster police via an anonymous source. Referral uncorroborated but risk reviewed undertaken.</p>	<p>A referral from Westminster police via an anonymous source suggested a housing employee was receiving bribes in return for housing allocations in Sheldon Square.</p> <p>The subsequent investigation was unable to identify any employees matching the description provided in the referral, and there are no 'Council housing' managed in Sheldon Square which provided added assurance that the referral was false and could not be corroborated.</p> <p>During the enquiries, a risk review of the Housing Register revealed an effective range of controls designed to minimise the risk of insider fraud. These controls included;</p> <ul style="list-style-type: none"> <li>• supervisory and management controls at application acceptance stage – dual control,</li> <li>• verification that units are only let through the transparent Choice Based Lettings process, and</li> <li>• additional verification as part of the shortlisting process, ahead of any placement, as an additional safeguard for the allocation process.</li> </ul>	<p><b>Fraud risk register</b></p> <p><b>MEDIUM – 12</b></p> <p>Impact = High 4 [High political risk with potential national media coverage; reputational risk; Reports to external auditors]</p> <p>Likelihood = Possible 3 [Fraud reported but unproven; known occurrences in other local authorities]</p>

<p>Risk Review</p>	<p><b>Direct Payments – Adult Social Care</b></p> <p>Direct Payments are payments made by Westminster City Council for adults who have been assessed as needing help from Social Services and who would like to arrange and pay for their own care and support services instead of receiving them directly from the respective council.</p>	<p>The review identified a number of fraud risks which included the following;</p> <ul style="list-style-type: none"> <li>• Misspent funds – payments not being used as per the care agreement</li> <li>• False documents – timesheets, payslips, etc.</li> <li>• Financials - Financial abuse by third party</li> <li>• Multiple claims – multiple care packages for same assessed need</li> <li>• Falsifying worksheets - Provider claiming for work not carried out</li> </ul> <p>The risk review revealed verification controls conducted by the social care team and finance departments, designed to minimise the risk of fraud. These controls included;</p> <ul style="list-style-type: none"> <li>• Social care Team initial assessment are review annually. These reviews include evidence of care provision and financial evidence of payments including bank statements and receipts.</li> <li>• Corporate Finance – every three months reviews are conducted of the service users bank statements to verify spend and usage.</li> </ul> <p>Controls were reliant upon officers' fraud awareness and competency at identifying concerns. CAFS identified and agreed an action plan to improve awareness and further reduce the risk of fraud. This will include;</p> <ul style="list-style-type: none"> <li>• Redesigned declaration form to detail service users' obligations and responsibilities</li> <li>• Introduction of a bespoke fraud referral form</li> <li>• Design and rollout of bespoke fraud awareness eLearning</li> </ul>	<p><b>Fraud risk register</b></p> <p><b>MEDIUM – 12</b></p> <p>Impact = Medium 3 [Minor risk of vulnerable adults not receiving care; Financial loss]</p> <p>Likelihood = Likely 4 [Fraud in this area recently reported and proven]</p>
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<p>Risk Review</p>	<p><b>Whistleblowing Policy – Maintained Schools</b></p> <p>Local authorities have a statutory duty to publish schemes for financing schools setting out the financial relationship between them and the schools they maintain.</p> <p>The Department for Education (DfE) provide guidance which lists the provisions the published scheme should include.</p> <p>Under the heading “whistleblowing” the DfE guidance states;</p> <p>“Schemes should contain a provision requiring authorities to set out in the scheme the procedure to be followed by persons working at a school or school governors who wish to complain about financial management or financial propriety at the school, and how such complaints will be dealt with.”</p>	<p><b>Review:</b> A review was undertaken to obtain assurance that maintained schools were adhering to the DfE guidance. The review checked whether whistleblowing guidance was available to all school staff, were accurate and up to date, and that they were regularly reviewed.</p> <p>The review examined the public facing internet sites of all maintained schools in WCC to see whether there was a section for school policies and whether this included a whistleblowing policy. Where websites featured a search facility, this was also used to interrogate the site.</p> <p>Following the web-based review, a sample of schools was contacted to identify the person responsible for maintaining the whistleblowing policy and to obtain details of how the system was maintained.</p> <p><b>Findings:</b> The sample found evidence to indicate that while all schools had a relevant policy to guide staff and governors, most had not been reviewed regularly and therefore they contained inaccurate or redundant information.</p> <p><b>Recommendation:</b> The Head of Fraud attended the Bi-Borough School Business Managers Network Meeting and presented these findings. The Council’s whistleblowing policy was circulated to all schools along with details of additional support provided by CAFS to underpin the policy: factsheets and eLearning.</p>	<p><b>Assurance framework</b></p> <p>Whistleblowing policy updated across all 38 maintained schools</p>
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<p>Fraud Drive</p>	<p><b>Parking Services – Resident’s Disabled Parking Bays</b></p> <p>Severely disabled residents can apply to the Council for a supported parking space near their home, not at any other location such as at the house of a friend or family member.</p> <p>The Council cannot guarantee the space will be right outside the resident’s home, but it will be placed in the vicinity.</p>	<p><b>Review:</b> During recent inspection regimes, officers noticed a number of individual bays not being used and therefore CAFS undertook a desk based review of all assigned bays across the Council. A total of 81 personal resident disabled bays were in place, each allocated to a resident blue badge holder.</p> <p><b>Methodology:</b> Interrogation of Council systems identified ten bays where data suggested the resident’s circumstances had changed but the Council not informed of the change.</p> <p><b>Findings:</b> Further enquiries established that seven bays were no longer required due to the individual leaving the borough or passing away. These have since been burnt off, and where appropriate the bays restored to resident’s permit-controlled parking zones.</p>	<p><b>Assurance framework</b></p> <p>No cases of fraud identified but bays removed where not required and returned (where appropriate) to resident permit-controlled parking zones.</p>
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## NOTEWORTHY INVESTIGATIONS

	Case Description
1	<p><b>TENANCY FRAUD</b> – A case was referred to CAFS by Peabody Housing Association due to suspicions regarding their property at Malcolmson House, Pimlico, SW1V. During a residency check their housing officer found a male tenant who claimed to be the tenant's partner. The tenant was not at home, but the vigilant officer realised there were no toys in the property even though two young children were meant to be part of the household composition.</p> <p>CAFS accepted the referral and soon discovered that Peabody's tenant was a CityWest Homes employee. Furthermore, the male who claimed to be the tenant's partner was also a CityWest Homes employee.</p> <p>The subsequent investigation, which included the use of powers under the Prevention of Social Housing Fraud Act 2013 (PoSHFA), established the tenant vacated the property in 2015 and then entered into a commercial agreement with the man to sublet the address to him.</p> <p>Bank statements showed the male paying £750 per month, but they also revealed that he, had in turn, also been subletting the property to three individuals for £450 per month, per person. The timeline showed that the man first sublet from the tenant in May 2015, and then he sublet with the three subtenants taking up occupancy in August 2015, October 2016 and November 2016.</p> <p>In May 2017, officers of the Metropolitan Police attended CityWest Homes offices, the work premises of the female tenant and the male tenant. They were arrested and taken to Belgravia Police station for interview.</p> <p>The tenant fully admitted subletting the property to her male work colleague, but claimed she was unaware he had utilised this opportunity to derive an income from further sublets. The male denied the allegations and refuted the fact he had ever claimed to be the tenant's partner.</p> <p>At Westminster Magistrates Court, the tenant pleaded guilty the single offence under PoSHFA, S2(1) of subletting the Peabody property to her male work colleague from May 2015.</p>

	<p>At Southwark Crown Court, the male defendant pleaded guilty to the single offence under Fraud Act 2006, S2 of making a false representation since November 2016.</p> <p>In sentencing the pair, the tenant was fined £120 and ordered to pay £12,316.58 (Fees and victim surcharge £3,530; Compensation £8,666.58) while her work colleague was also fined £120 and ordered to pay the £8,370 (Fees and victim surcharge £3,530; Compensation £4,720).</p> <p>The two-bedroom property at Malcolmson House was recovered with vacant possession and Peabody offered it directly to the Council to house a family in genuine need of assistance.</p>
<p><b>2</b></p>	<p><b>PROCEEDS OF CRIME</b> - The tenant of a property at Scott Ellis Gardens submitted a Right to Buy application and as standard practice it was referred to CAFS in order to undertake some checks to verify the tenant's eligibility to the right to buy. The subsequent checks established that the tenant was subletting the property for £1,175 per calendar month while she was living in Swansea.</p> <p>The tenant was successfully prosecuted at Southwark Crown Court, and found guilty of four charges in respect of the Fraud Act 2006, with two counts of fraud by false representation and two counts of fraud by failing to disclose information.</p> <p>On each of the two counts of fraud by false representation, the tenant was sentenced to 18 months' imprisonment suspended for two years. On each of the two counts of fraud by failing to disclose information, she was sentenced to 12 months' imprisonment suspended for two years. She was additionally ordered to complete 180 hours of unpaid work and to comply with 10 days of a Rehabilitation Activity Requirement.</p> <p>Using Proceeds of Crime legislation, CAFS submitted a confiscation order for £24,465 which the tenant received as rent from the subtenants, plus £2,539 being unexplained credits in the fraudsters bank account. The submission confirmed that assets of £18,257 had been identified and frozen.</p> <p>In November 2018 at Southwark Crown Court, the judge agreed a confiscation order for £18,257 allowing the defendant three months to pay, with a default twelve-month sentence of imprisonment if this order is not fulfilled.</p>

<p>3.</p>	<p><b>TENANCY FRAUD</b> - Soho Housing referred a potential tenancy fraud to CAFS when information was received that suggested the tenant wasn't living in his one-bedroom Berwick Street flat. A building contractor, employed by Soho Housing to carry out repairs on the property, raised concerns. The operative expected to find the tenant, a 60-year old man at the property, but the only person he found in residency was a young man.</p> <p>Background enquiries corroborated the suspicions, and when the investigating officer reviewed the financial records of the tenant, they found credits to the account that suggested possible rent receipts.</p> <p>The tenant was called to attend a voluntary interview under caution but refused saying he had never done anything wrong in his life. However, the following day he sent a letter to the investigating officer relinquishing the property and returned the keys.</p> <p>Property was recovered forthwith and has now been allocated to someone in genuine need of support from the Council's housing register.</p>
<p>4.</p>	<p><b>TENANCY FRAUD</b> – A positive match from the National Fraud Initiative data matching campaign linked a Council tenant from Verney House, NW8 to a claim for welfare benefit in Liverpool. The record confirmed that full name, date of birth and national insurance number were all a match.</p> <p>Checks were made with Liverpool City Council and investigators discovered that the tenant had a live benefit claim while a check of financial records linked the tenant's brother to the Westminster property. Evidence was amassed further linking our tenant to Liverpool and he was invited to an interview under caution. He voluntarily attended the interview but gave a "no comment" response refusing to answer any questions put to him.</p> <p>Civil proceedings commenced while criminal action began in parallel. In October 2018 the tenant's brother returned the keys to the flat, whilst in November 2018, having pleaded not guilty, a criminal trial commenced at Southwark Crown Court where he was eventually found guilty of fraud.</p> <p>Following a probation report he was sentenced to a 12-month community order with a three-month curfew requirement (9pm-midnight).</p>

<p>5.</p>	<p><b>TENANCY FRAUD (Succession)</b> – Following the death of a Porchester Square tenant, the tenant’s daughter made an application to succeed to the tenancy. Within this and subsequent emails she portrayed the Council property to be her main home for longer than the statutory period required, thereby asserting her eligibility.</p> <p>However, when investigators undertook enquiries to verify her UK residency, they revealed overseas travel that suggested she lived abroad and only returned to the UK for a few days per year, possibly to visit her mother. There was no evidence of her residency in Portchester Square.</p> <p>Further enquiries with the Greek Embassy confirmed that she had been living in Crete, Greece. The embassy also confirmed an address held for her, and that she was known in her local village as a permanent resident. When challenged she conceded that her understanding of “main residency” may have not matched the criteria required to succeed the tenancy and returned vacant possession forthwith.</p>
<p>6.</p>	<p><b>TENANCY FRAUD (Succession)</b> – The tenant of a Missenden House property in NW8 passed away and his grandson sought to succeed to the tenancy under the discretionary succession scheme where the criteria requires evidence that the applicant had resided at the property for the last five years prior to the tenant’s death.</p> <p>The initial checks undertaken by CAFS to verify the applicant’s eligibility found discrepancies in the evidence provided included possible residency elsewhere in London.</p> <p>The applicant was interviewed where he confirmed he had lived with his sister and admitted that he did not fulfil the five-year criteria, and as such his application was false. He continued to fully cooperate with the investigators and agreed voluntary surrender. He demonstrated genuine remorse for his actions explaining that he had been caring for his sick grandfather and may have got some of the dates wrong.</p>

7.	<p><b>TENANCY FRAUD (Succession)</b> - The son of an Ashford House tenant sought to succeed the tenancy of his late mother. The criteria for a statutory succession is one-year's residency prior to the date of death, and the son's application was made under this criteria, and he provided supporting documents with his application.</p> <p>A subsequent investigation by CAFS identified several discrepancies, but the main findings were that the son spent the majority of the year in Egypt. Additionally, evidence, which included overseas travel information and financial records, all suggested that an address in? Cairo was his main and principal home.</p> <p>The son was invited to an informal interview to explain his application and travel, however he refused to attend claiming it would not make a difference and chose not to make any further contact.</p> <p>CityWest Homes made a repossession claim, and the court ordered outright possession to CityWest Homes. The property was secured in December 2018 and has since been allocated to someone in genuine need of assistance.</p>
8.	<p><b>TENANCY FRAUD</b> - CAFS was asked to support Soho Housing with an investigation into a two-bedroom property in John Broadwood House, Bridle Lane, which may have been sublet. Neighbours had also suggested that the tenant was now living abroad.</p> <p>Credit searches showed that the tenant was not on the electoral roll and other individuals had financial links to the address. UK travel enquiries also linked the tenant with regular movements to and from Sweden.</p> <p>Financial checks were unsuccessful, however, investigators found a suspected subtenant when they attended the property during an unannounced visit. The person claimed to be a family friend but admitted paying the tenant £300 per month to stay at the flat, he also confirmed the tenant was out of the UK but returned regularly.</p> <p>In view the findings and the regular overseas travel, Soho Housing served notices on the property. A third party contacted Soho Housing claiming to be acting on behalf of the tenant and denying the allegations. But despite this denial, the tenant voluntarily returned the property to Soho without the need for expensive court action.</p> <p>This two-bedroom property has now been made available to WCC to let to a family in need of support and assistance.</p>

**9. BLUE BADGE FRAUD** - While on duty in Old Cavendish Street, a CAFS investigator observed a driver park her Honda CRV in one of the designated bays and place a blue badge on display.

As she left the car and proceeded towards House of Fraser, the investigator intercepted her and asked to see the badge she had left on display. As this badge had been issued to a male – and there apparently wasn't one in the car – he asked the driver where the badge holder was.

In response, the driver, who appeared to be very nervous, stated that the badge had been issued to her father and she was supposed to pick him up from shops nearby. She then admitted, however, that it was entirely possible another member of the family had already collected him.

Faced with this explanation, our investigator decided to phone the badge holder. Although the badge holder himself never answered, our investigator did manage to speak to his wife (i.e. the driver's mother), who confirmed that the badge holder was upstairs at home. She further stated that the only place the badge holder had been to that day was Edgware.

At Westminster Magistrates Court the driver defendant entered a guilty plea.

The Magistrates said “this offence is aggravated because you told untruths to the officers at the scene, they had to make phone calls to your father, which were ultimately fruitless as your father told the truth. Mr Haslam (the driver's solicitor) has made some points on your behalf, which he made to the Local Authority. There is little we can give you credit for in terms of mitigation, and in our view, the aggravating factors level the mitigation, so we are going to deal with this by way of a fine and not a discharge”.

She was fined £80 with £410 Costs and a £30 Victim Surcharge awarded.

**10. BLUE BADGE FRAUD** - A CAFS investigator was patrolling in Portman Mews South, when he spotted a Lexus RX450 parked and unattended in one of the designated disabled bays.

A short while later two females returned to the vehicle. Our investigator asked the driver if he could inspect the badge that she had displayed on the windscreen. However, the driver ignored him and made to drive off. Fortunately, given that the CAFS investigator was at this point standing in front of the vehicle, the driver changed her mind.

After much to-ing and fro-ing, the driver handed over the blue badge for inspection, which showed to have been issued to a male. The driver explained it the badge belonged to her father, who was at home as he was very ill. She and her mother were doing food shopping for him as he had a specialist diet.

At Westminster Magistrates Court on Wednesday the driver was in attendance and legally represented. Before the hearing her representative questioned why this matter was proceeding. He informed our barrister that his understanding of the legislation meant that the badge could be used as the badge holder was on his way. He was duly informed that this is a strict liability offence and that as soon as his client had parked and gone to do some of her shopping, the offence had been committed. Regardless of this, he said his client would be entering a Not Guilty plea. However, after speaking with the defendant advised that she 'just wanted it over with' as her dad is so unwell and the matter was causing her anxiety.

In court, the defendant entered a guilty plea. The District Judge said he accepted there was exceptional mitigation in this case and would therefore not impose a financial penalty. He imposed a 6-month Conditional Discharge and awarded costs of £150 and £20 Victim Surcharge.

**11. BLUE BADGE FRAUD** - While undertaking a routine patrol of Old Cavendish to check Blue Badges, our investigator observed a female park BMW 520 motor vehicle, in one of the designated disabled bays, display a blue badge, and then leave the car in the direction of House of Fraser. As our officer was dealing with another matter at the time, he was unable to confront the driver immediately.

As soon as he was able to our officer went over to inspect the badge on display in the BMW, and duly noted it had been issued to a child. He conducted a systems check and located the phone number for the badge holder's mother. When he then called this person, she advised him she was in Oxford Street with her son. When our investigator explained that he would have to verify that and offered to meet her, she quickly changed her story and said that her son was with his father in Oxford Street (and that she was in House of Fraser).

Upon the drivers return to the car our investigator identified her as the person he had just spoken to on the phone. He again asked about the whereabouts of the badge holder. In reply, he was told that his father had taken him back to school.

When challenged further the driver admitted that she had parked there because she couldn't find any parking. She said Eid was coming up and she needed to do some shopping.

At Westminster Magistrates Court the driver wasn't in attendance but had already entered a guilty plea by post. She was fined £250, with Costs and Victim Support awarded at £200 and £30 respectively.