

AUDIT AND STANDARDS COMMITTEE

16 January 2019

Title: Counter Fraud Report Quarter 2 2018/19 (July-September 2018)	
Report of the Monitoring Officer	
Open Report	For Information
Wards Affected: None	Key Decision: No
Report Author Kevin Key Counter Fraud Manager	Contact Details: Tel: 020 8227 2850 E-mail: kevin.key@lbbd.gov.uk
Accountable Director: Claire Symonds, Chief Operating Officer	
Summary: This report brings together all aspects of counter fraud work undertaken to date during 2018/19. The report details progress to 30 September 2018	
Recommendation: The Audit and Standards Committee is asked to note the contents of the report.	
Reason(s): Assurance work helps to ensure good practice in corporate governance, risk management and internal controls all of which assist service areas in meeting their aims and the overall Council objectives.	

1. Summary of counter fraud work undertaken for quarter 2 2018/19

- 1.1 The tables below indicate the level of work completed in the two separate areas for which the team are responsible; Housing Investigation and Corporate Fraud.

2. Corporate Fraud Activity including Whistleblowing

- 2.1 The update on corporate fraud activity for Quarter 2 is set out below. The team receives many referrals throughout each quarter and will log and assess each case independently. A decision is then made as to what the best course of action is to deal with the referral. This means either the team will open an investigation, refer to another service block of the council or arrange for the matter to be referred to a specific manager for action.

2.2 2018/19 Quarter 2 Fraud referrals incl. whistleblowing

	17/18 Total	18/19 to date	Qtr 2
Cases Outstanding from last QTR			6
Referrals received in Period	301	149	71
Cases accepted for CFT investigation	18	13	9
No further Action after initial review/already known	195	12	8
Referred to other service block within LBBDD	195	124	54
DPA, FOI, and other information provided		50	32
Cases closed following investigation	19	6	5
Ongoing Corporate Fraud Investigations:			10

2.3 For 2018/19 the recording has been slightly modified to more accurately review each incoming referral. This has prevented double counting in some areas and made it clearer as to what action is being taken on every referral received by us.

2.4 The referrals received relate to the number of cases that are sent through to the Fraud email inbox or where contact is made direct with members of the team. All contact is logged and assessed accordingly. Bearing in mind the scope of potential fraud, many referrals are sent through in the belief that fraud has been committed, but following assessment, found to be incorrectly sent to us.

We receive requests that relate specifically to CCTV, Subject Access, Freedom of Information and Data Protection as well as referrals relating to Housing Benefits, Council Tax, Department for Work & Pensions, Complaints, Parking Enforcement, Housing services, noise nuisance, Housing Association properties, Planning, Private Sector Licencing, Police matters and Trading Standards. In short, if there is a possibility/mention of fraud we are likely to have received a referral either via email or phone.

2.5 Outcomes – Quarter 2 and yearly total 2017/18

	17/18 Total	18/19 to date	Qtr 2
Recommended for disciplinary process	0	0	0
Referred for Management action*	11	4	4
No fraud/No further action	13	2	1

*includes 1 X case police are taking action – Uninsured vehicle displaying Blue Badge highlighted on Councillor walkabout.

3. Current / future key issues – Corporate

- 3.1 The council were the victim of a mandate fraud in July linked to a police investigation that is currently ongoing. Mandate fraud is when someone gets you to change a direct debit, standing order or bank transfer mandate, by claiming to be an organisation you make regular payments to. This could be someone posing as a business supplier and can take place over the phone, by post or email. In this case an email account of a regular supplier was hijacked, and a new email account set up that was then used to correspond with officers within LBBB. As soon as we were notified we worked closely with LBBB's Financial Investigator and jointly arranged for the suspects bank account to be restrained. This allowed for the money that had been transferred to the fraudster to be blocked and prevented from being moved on. We are currently awaiting return of all the money that was taken through this fraud and totalled just over £16000.
- 3.2 A whistleblowing campaign has been arranged and is due to go live in November. This will include the laptop background being changed and posters being placed throughout our buildings.

4. Regulation of Investigatory Powers Act

- 4.1 The Regulation of Investigatory Powers Act regulates surveillance powers, thus ensuring robust and transparent frameworks are in place to ensure its use only in justified circumstances. It is cited as best practice that Members maintain an oversight of RIPA usage.
- 4.2 The last inspection of RIPA was undertaken by the Office of Surveillance Commissioners in December 2016. The report was favourable, and all recommendations subsequently implemented. In September 2017 The Investigatory Powers Commissioner's Office took over responsibility for oversight of investigatory powers from the Interception of Communications Commissioner's Office (IOCCO), the Office of Surveillance Commissioners (OSC) and the Intelligence Services Commissioner (ISComm).
- 4.3 The current statistics are set out below following review of the central register, held by the Corporate Investigation Manager. As per previous guidelines, RIPA authority is restricted only to cases of suspected serious crime and requires approval by a Magistrate.

(a) Directed Surveillance

The number of directed surveillance authorisations granted during the Quarter July – September 2018 and the number in force at 30 September 2018

Nil granted. Nil in Force.

(b) Communications Information Requests

The number of authorisations for conduct to acquire communications data (e.g. mobile phone data) during the Quarter July – September 2018.

Nil granted. Nil in force.

- 4.4 We remain an authority that does not appear to make use of RIPA. Other councils make use them which leads to 2 conclusions for LBBD; we either fail to utilise the process at all or unauthorised surveillance is taking place where RIPA should be obtained. Staff across the council have previously been trained and advised on the use of RIPA and an expectation is in place that for any use of covert surveillance, RIPA should be considered.

5. Housing Investigations

- 5.1 Members are provided specific details on the outcomes from the work on Housing Investigations. For 2018/19, positive outcomes are set out below.

5.2 2018/19 Quarter 2 Housing Investigations

Caseload	17/18 Total	18/19 to date	Qtr 2
Open Cases brought forward from Q1			20
New Cases Added	256	103	63
Cases Completed	255	82	47
Open Cases			36

On Going Cases - Legal Action	Qtr 2
Notices Seeking Possession served	0
No of Cases - Recovery of property	4

Outcomes - Closed Cases	17/18	18/19 to date	Qtr 2
Convictions	1	0	0
Properties Recovered	12	7	3
Successions Prevented & RTB stopped/agreed	3	5	2
Savings (FTA, Single Person CTax, RTB, Decant)	£202262	£357295	£245100
Other Potential Fraud prevented/passed to appropriate service block incl Apps cancelled	160	39	22
Referral to others outside of LBBD	169	1	0
No further action required/insufficient evidence	N/A	30	20

- 5.3 In addition to the above other checks are routinely carried out and information provided to others. Below is an indication of the level of work undertaken.

	18/19 to date	Qtr 2
Data Protection Requests	35	17
Education Checks	132	66

(n.b education checks relate to assisting admissions in locating children or families to free up school places or confirm occupancy. Data Protection Requests are received from other local authorities, the police, and outside agencies and responses provided in accordance with GDPR)

6. Current / future key issues to be considered – Housing

- 6.1 Both Housing Investigators have now completed the Accredited Counter Fraud Specialist course through CIPFA.
- 6.2 Verification training has been provided for the Right to Buy Team and Sales and Leasing Officers within My Place to provide guidance on what checks can be carried out to check the authenticity of documents provided to us for Right to Buy applications. Further, the teams have been loaned the portable ID Scan machine and are using this to verify all documentation provided by those wishing to purchase their property through the Right to Buy process.
- 6.3 Proactive Work continues with properties being visited that are due to be decanted. This is intended to continue through all phases and is resulting in specific addresses being identified where there are concerns over occupancy.

7. Financial Implications

- 7.1 The Corporate Counter Fraud team was fully funded for 2018/19.

8. Legal Implications

- 8.1 This has no legal implications.

9. Other Implications

- 9.1 **Risk Management-** The corporate counter fraud activity is risk-based and therefore support effective risk management across the Council.
- 9.2 **No other implications to the report.**

10. Public Background Papers Used in the Preparation of the Report:

None

- 11. **List of Appendices-** None