

AUDIT AND STANDARDS COMMITTEE

27 July 2020

Title: Counter Fraud Annual Report 2019/20	
Report of the Acting Deputy Chief Executive and Director of Law, Governance & HR	
Open Report	For Information
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Accountable Strategic Leadership Director: Fiona Taylor, Acting Deputy Chief Executive and Director of Law, Governance & HR	
Summary This report brings together all aspects of counter fraud work undertaken throughout 2019/20. The report details progress and results for the period 1 April 2019 to 31 March 2020.	
Recommendation(s) The Audit and Standards Committee is recommended to note the contents of the report.	
Reason(s) To provide the Committee with assurance over the arrangements for protecting the Council against fraud and corruption.	

1. Summary of Counter Fraud work undertaken for 2019/20

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

2. Corporate Fraud Activity including Whistleblowing

- 2.1 The update on corporate fraud activity for Quarter 4 along with the annual totals is set out below. The team receives many referrals throughout each quarter and 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 Fraud referrals to date including whistleblowing:

	18/19 Total	Q1	Q2	Q3	Q4	19/20 Total
Cases Outstanding from last quarter		8	8	4	5	
Referrals received in Period	246	46	50	54	70	220
Cases accepted for investigation	43	15	11	6	13	45
No further Action after initial review/already known	28	14	5	4	5	28
Referred to other service block within LBBB	165	17	34	42	52	145
DPA, FOI, and other information provided	76	11	14	12	10	47
Cases closed following investigation	38	15	15	5	7	42
Ongoing Corporate Fraud Investigations:		8	4	5	11	

2.3 The data demonstrates what action is being taken on referrals received. We have also added to the outcomes section referrals made directly to the Police/Action Fraud.

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 directly with members of the team. All contact is logged and assessed accordingly. Many referrals are sent through in the genuine belief that fraud has been committed, but following assessment, they are found to be better dealt with elsewhere.

2.5 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 possible consideration of fraud, we are likely to have received a referral either via email or phone.

2.6 Outcomes for 2019/20:

	18/19 Total	Q1	Q2	Q3	Q4	19/20 Total
Recommended for disciplinary process/New cases as a result	3	1	1	0	1	3
Referred for Management action	10	6	3	3	2	14
No fraud/No further action	10	5	7	2	1	15
Referred to Police/Action Fraud		3	4	0	3	10

3. Current and future key issues – Corporate

- 3.1 In relation to a previously reported case of a staff member formerly employed by Be First, final checks were completed during Quarter 4 and discussions had with Legal that resulted in a decision that it did not warrant progression to a criminal prosecution. The casefile and evidence obtained was referred to Be First for them to proceed with Civil Action in respect of the money that was spent on the Corporate Procurement Card.
- 3.2 There have been further attempted cyber scams reported to the Counter Fraud team. Staff around the Council appear to be increasingly referring these matters to the team which would suggest the publicity and work undertaken in Quarters 1 & 2 has worked in raising the profile of this issue.
- 3.3 The team have begun investigations into several cases within Adult Care Services. Working closely with the Visiting team, referrals have been made which suggest fraudulent activity in relation to Direct Payments being made to support clients in the Borough. A summary of some of the case is as follows.
- A client has been found to have visited Dubai with her family and withdrawn thousands from an account set up to make payments for a carer for her child.
 - A daughter has been found to have withdrawn a large sum of money from her mother's account (while holding Power of Attorney) in order to seemingly bypass the need to make a client contribution to her mother's care (mother is in a care home and suffers from dementia).
 - A client has been found to have been out of the country for at least the last year whilst continuing to receive Direct Payments. This client is also believed to be subletting her council property.

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 Senior Officers and Members maintain an oversight of RIPA usage.
- 4.2 A telephone and desktop-based inspection of the Council's approach was carried out by the Investigatory Powers Commissioner's Office (IPCO) in April 2020. The Inspector concluded that the information provided demonstrated a level of compliance that removes the requirement for a physical inspection for the time being and noted that both recommendations from the previous inspection in 2016, relating to the revision of the Council's RIPA policy and the enhancing of CCTV protocols, have been completed and can now be discharged. The Inspector also made positive comments about the Council's commitment to maintaining RIPA compliance.
- 4.3 The current statistics are set out below following review of the central register, held by the Counter Fraud 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 2019/20 and the number in force at 31 March 2020 -

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 2019/20 -

Nil granted.

4.4 Officer training was completed for RIPA throughout January and February 2020. Details of staff who successfully completed the day's training and associated test will be authorised to complete future RIPA applications and their details have been added to a central RIPA register held by the Counter Fraud Manager.

4.5 Arrangements will be made to publicise to all staff (through the staff briefing, managers' briefing and screen backgrounds) the appropriate use of any surveillance being undertaken and the process to be followed.

5. Housing Investigations

5.1 Members are provided specific details on the outcomes from the work on Housing Investigations. For 2019/20, outcomes are set out below.

5.2 Housing Investigations 2019/20:

	18/19 Total	Q1	Q2	Q3	Q4	19/20
Caseload						
Open Cases brought forward		27	37	29	27	
New Cases Added	166	49	31	32	31	143
Cases Completed	154	39	39	34	42	154
Open Cases		37	29	27	16	

On Going Cases - Legal Action	Q1	Q2	Q3	Q4
Notices Seeking Possession served	1	0	1	0
No of Cases - Recovery of property	4	4	4	4

Outcomes - Closed Cases	18/19 Total	Q1	Q2	Q3 34	Q4 42	19/20 Total
Convictions	0	0	0	0	0	0
Properties Recovered	14	0	3	1	5	9
Successions Prevented & RTB stopped/agreed	15	14	12	13	5	44

Savings (FTA, Single Person CTax, RTB, Decant)	£1,075,995	£104,000	£621,926	£556,200	£108,257	£1,390,383
Other Potential Fraud prevented/passed to appropriate service block incl Apps cancelled	58	12	14	8	12	46
Referral to others outside of LBBD	1	0	0	0	0	0
No further action required/insufficient evidence	66	13	10	12	20	55

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:

	Q1	Q2	Q3	Q4	19/20 Total
Data Protection Requests	8	10	6	5	29
Education Checks	84	143	108	95	430

(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 – Housing

- 6.1 Right to Buy money laundering checks continue to be completed to ensure the source of any cash purchase element of a Right to Buy property is from a reputable source.
- 6.2 Following a trial in October 2019, a decision was finally reached by the courts to award possession of a property back to the Council in January 2020. The tenant had been subletting her property for several years and living abroad during this time. The eviction was scheduled for 2 April but because of Covid 19 this has now been placed on hold until restrictions are lifted.
- 6.3 The team have undertaken training for the new Capita system alongside providing training and support to Reside staff on how to best make use of the systems they access.

7. Financial Implications

Implications completed by Katherine Heffernan, Group Manager, Service Finance

- 7.1 There are no specific financial implications arising from this report.

8. Legal Implications

Implications completed by Dr Paul Feild, Senior Governance Solicitor

- 8.1 There are no specific legal implications arising from this report.

9. Other Implications

- 9.1 **Risk Management** – Counter Fraud activity is risk-based and therefore supports effective risk management across the Council.

Public Background Papers Used in the Preparation of the Report: None.

List of appendices: None.