

**Swindon Internal Audit Services**

# **Corporate Fraud Team**

**Annual Report**

**2016 - 17**

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## Introduction

The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted. The work of the Corporate Fraud Team supports this by continuing to provide an efficient value for money anti-fraud activity that investigates referrals, once they have been prioritised, to an appropriate outcome.

In 2015/16 Internal Audit was successful in bidding for Counter Fraud money from the Department for Communities and Local Government. This funding ran to the end of March 2016 and was used to set up a Corporate Counter Fraud team, based within the Internal Audit section and managed by one of the Principal Auditors. A Corporate Fraud Investigator and a Fraud Investigation Support Officer were appointed in April 2015.

Following a successful first year, the Head of Housing Services agreed to part fund the team for 2016/17. This along with a contribution from the Internal Audit budget and some carried forward grant allowed for the team to continue, with an additional Fraud Intelligence Officer resource being appointed.

We continue to offer support and advice and assistance on all matters of fraud risks including prevention, detection, money laundering, other criminal activity, deterrent measures and policies and procedures, whilst delivering a cohesive approach that reflects best practice and supports all the corporate priorities.

All work is conducted within the appropriate legislation and the powers and responsibilities assigned to it as set out within the financial regulations section of the Council's constitution. The Team supports the Council in its statutory obligation under section 151 of the Local Government Act 1972 to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption. It supports the Council's commitment to a zero tolerance approach to fraud, corruption, bribery and other irregularity including any Money Laundering activity.

The Corporate Fraud Team liaise closely with other internal departments and external partners (including the Police) in order to raise awareness and to act as a deterrent.

The team ensures that they utilise civil recovery procedures in relation to Tenancy Fraud and work collaboratively with other Local Authorities and Law enforcement agencies to ensure best use of resources with holistic approach to counter fraud at all times.

## Key Outcomes

During 2016/17 the Team:

- Continued to develop the three stage vetting process for the right to buy process which is now being used by other Local Authorities as good practice.
- Procured an identity vetting system, Trust ID, for use in the right to buy checking process. This was rolled out for use by the Licencing Team who have agreed to fund the system in 2017/18.
- Led on setting up the Swindon and Wiltshire Housing Fraud Forum. The Forum includes representatives from key housing associations, the Corporate Fraud Team and Housing meeting periodically to share best practice and to develop joint working arrangements.
- Developed close working relationships with Housing resulting in requests for advice, support and ever increasing fraud referrals
- Links forged with internal departments including Parking, Blue Badges, Payroll, Schools Admissions and Revenue and Benefits.
- Links with external organisations including with Bristol City Council, Immigration, HMRC, Police, Joint Intelligence Cell, Amberhill, Local Authorities, NHS, housing associations within Wiltshire and tenancy fraud forums.
- Delivered awareness sessions at Team Meetings, including Housing, Appointeeships and Human Resources.
- Developed internal data-matching using IDEA software.

The success of the Team was such that the Head of Housing Services agreed to fund the two posts for 2017/18. The following outcomes were achieved during 2016/17:

- 393 allegations received (compared to 88 in 2015/16)
- 69 cases investigated and closed
- 7 right to buy applications stopped resulting in savings in discounts that would have been allowed on the sale of properties of £418,123 (6 in 2015/16)
- 11 Council houses recovered with an estimated saving (using a nationally recognised figure of £18,000 per property) of £198,000 (8 in 2015/16)
- Student Council Tax exemption fraud totalling £4,354.01
- Council Tax fraud of £17,553.79

Appendix A provides an analysis of the completed investigations, the source of the allegations received, the outcomes and the savings. Appendix B shows the number of referrals received during the year, the nature of the allegations made and the actions taken on them.

Examples of cases of right to buy applications being stopped and Housing properties being recovered during the year include:

- Case Ref 46 – a referral was received by an anonymous neighbour who claimed the tenant had been absent from a property for two years. Background checks and a number of visits were conducted and it was found that the tenant had married in 2014 and had been living at their spouse's property since then. Contact was made with the tenant, who admitted the breach of tenancy and subsequently terminated their tenancy. The Council Tax details at the spouse's property were corrected and a bill was raised for incorrectly claimed Single Person's Discount.
- Case Ref 69 - A joint right to buy application was made and the applicants failed to disclose that they had purchased their previous Council property. The applicants were interviewed and admitted that they had failed to disclose all required information and consequently their application was cancelled.
- Case Ref 101 – An allegation was received regarding a Council tenant who was not living at her property but allowing her son to reside there. The investigation identified a number of issues, including non-residency, queries over the entitlement to reside in the UK, failure to declare capital of over £300,000 for housing and council tax benefit purposes, fraudulent application for housing benefit and environmental health concerns. Following interview, the tenant terminated their Council tenancy. All relevant information has been provided to other Council departments and the DWP in order to appropriate action to be taken.
- Case Ref 105 – A right to buy application was received and successfully passed the initial checks. At the review from anti-money laundering queries were raised by the Corporate Fraud Team on how the purchase was being funded, as funding was coming from overseas. The explanation provided was this would be through a loan from the tenant's sister and brother in law but the details of the arrangements changed. Supporting documentation was requested, including bank statements showing the transfer of funds. The applicant failed to provide the necessary information within the statutory timescales and therefore the application was cancelled.
- Case Ref 120 – A right to buy application was made by a tenant when they were in the process of moving to Cornwall. An interview held with the tenant by the Corporate Fraud Team found that their intention was for their daughter to buy the property to live in, taking advantage of the discount. The purchasing and living arrangements were discussed with the tenant and the consequences of incorrect information being provided and subsequently the application was withdrawn.
- Case Ref 135 - An anonymous allegation was received regarding an individual who had applied for a council house due to overcrowding and had deliberately provided incorrect information regarding their address. The allegation came in at a time when the applicant had bid for and been offered a Council property. Investigations found that the applicant had an existing tenancy at a four bedroom property which was deemed to provide adequate housing for their family. The applicant was contacted and informed

that as they had failed to provide correct information and because they were adequately housed, their offer of accommodation had been withdrawn and their housing application was closed.

- Case Ref 136 – Checks conducted on an application for a right to buy revealed that information regarding the occupancy of the property was incorrectly declared. Interviews were held with the tenants and it was found that one of the joint tenants had moved out in 2015 and failed to notify the Council. The joint application was therefore not eligible and cancelled. Advice was provided to the remaining tenant on future housing options and relevant information was passed to the Housing department in order to assist.

## Conclusion

This report demonstrates the Council's continued commitment to the prevention and detection of fraud. Any allegations of fraud will be taken seriously and appropriately investigated with consideration taken of the cross departmental irregularities.

There are actions to be taken during 2017/18 to ensure that the Corporate Fraud Team continues to meet best practice, including an assessment against the Fighting Fraud Strategy that will be reported back to a future Audit Committee.

The 2017/18 work plan for the Corporate Fraud Team continues to focus on the prevention and detection of Housing Tenancy Fraud, with other areas of emerging risk also being considered, and will include:

- Staff and Members fraud awareness and training;
- Further development of data-matching to identify discrepancies requiring investigation;
- Fraud risk assessment of the homelessness and succession processes;
- Review and assessment of fraud referrals;
- Effective and efficient investigations;
- Regular reporting to Stakeholders on the work of the Corporate Fraud Team.

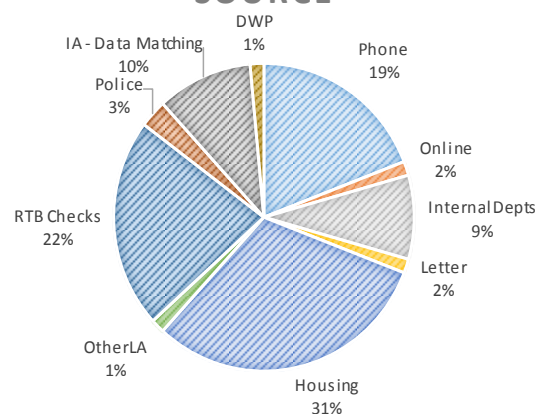
Funding for the Corporate Fraud Team beyond 2017/18 needs to be confirmed.

**Summary****Corporate Fraud  
Team**

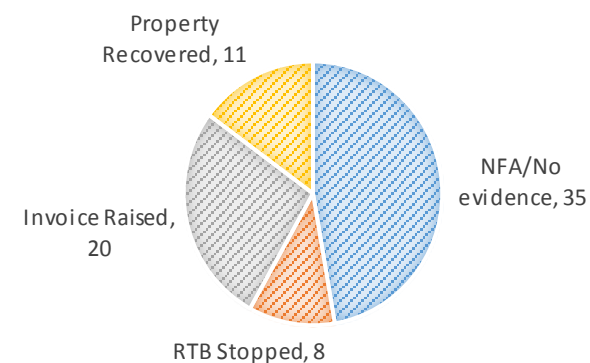
- 393 allegations received
- 69 cases closed
- 7 Right to Buy applications stopped (discount saving: £418,123)
- 11 Council Houses recovered (estimated savings: £198,000)
- Council Tax fraud: £17,554
- Student Exemption fraud: £4,354
- Total actual and nominal savings during 2016/17: £638,031

## INVESTIGATIONS

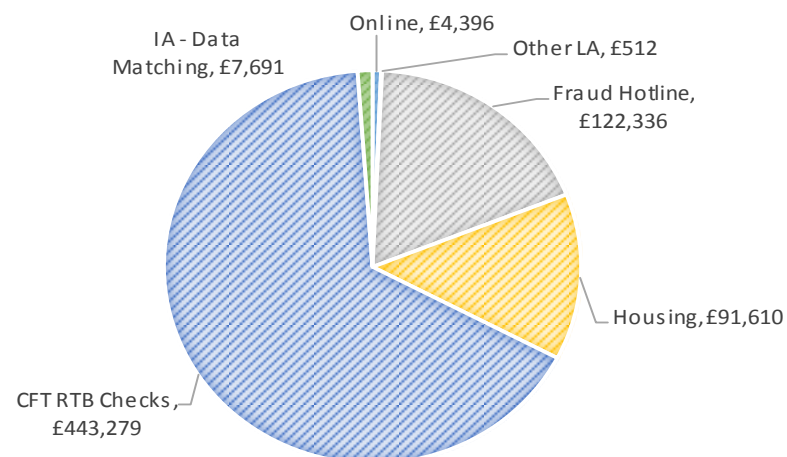
2016/17 CLOSED INVESTIGATIONS BY SOURCE



OUTCOMES OF CLOSED INVESTIGATIONS



SAVINGS BY REFERRAL SOURCE



## REFERRALS

