



Audit & Anti-Fraud Progress Report

1 September – 31 December 2018

1. INTRODUCTION

- 1.1 The purpose of this report is to present the performance of the Audit & Anti-Fraud Service for the period April to December 2018, the areas of work undertaken, progress with implementing audit recommendations and information on current developments in the service area.
- 1.2 Internal Audit provides an independent continuous review of key and high-risk activities across the Council. It is important that the effectiveness of the work of Internal Audit is monitored and reported in order to comply with the requirements of the Accounts & Audit regulations 2015 and to provide the necessary assurance on the adequacy of the Internal Audit service. This report, in part, meets these requirements.

2. INTERNAL AUDIT RESOURCES AVAILABLE

- 2.1 The Internal Audit function is an in-house service consisting of two Principal Auditors and four Auditors and is supplemented by specialist IT skills from an external provider in order to undertake technical IT audit reviews. Internal Audit supports the Council's CIPFA trainee programme, trainees rotate every six months. Resources have been impacted by an auditor vacancy and maternity leave as well as the departure of the Head of Internal Audit & Risk Management in November 2018.
- 2.2 The 2018/19 Audit Plan consists of 73 audits, two audits have been postponed since the plan was agreed and management have requested two additional audits be included. These changes are reflected in the Audit Plan at Appendix 2.

3. INTERNAL AUDIT KEY PERFORMANCE INDICATORS

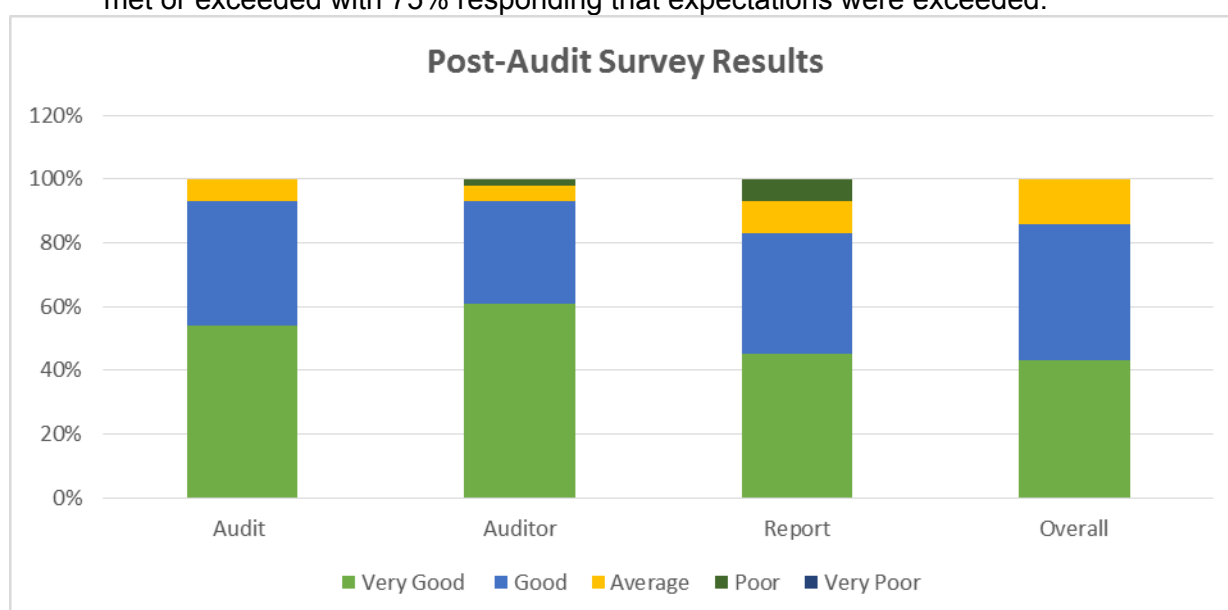
- 3.1 Internal Audit's performance for 2018/19 against key indicators is shown in Table 1. Post audit survey results are summarised in paragraphs 3.2 – 3.4.

Objective	KPIs	Targets	Actual
Cost & Efficiency <i>To ensure the service provides Value for Money</i>	1) Percentage of planned audits completed to final/draft report stage 2) Average number of days between the end of fieldwork to issue of the draft report.	1) 90% by year end 2) Less than 15 working days	1) 68% complete or in progress by 31 December 2018 2) >15 days
Quality <i>To ensure recommendations made by the service are agreed and implemented</i>	1) Percentage of significant recommendations made which are agreed 2) Percentage of agreed high priority recommendations which are implemented	1) 100% 2) 90%	1) 100% 2) 67% - fully implemented** 29% - partially implemented
Client Satisfaction <i>To ensure that clients are satisfied with the service and consider it to be good quality</i>	1) Results of Post Audit Questionnaires 2) Results of other Questionnaires 3) No. of Complaints / Compliments	1) Responses meeting or exceeding expectations 2) Satisfactory 3) Actual numbers reported	1) 97% (75% exceeded expectations and excellent) 2) N/A 3) None

** See paragraph 6.2 for explanation

Table 1

- 3.2 The increase in timeframes from completion of fieldwork to issue of draft report was directly affected by the departure of the then Head of Internal Audit & Risk Management at the end of November 2018. A recruitment exercise undertaken before her departure failed to attract a suitable candidate however, an interim has now been employed to cover this post until a permanent replacement can be found. A new recruitment drive will take place after Christmas. Any outstanding draft reports will be issued in January.
- 3.3 As at 31 December 2018 a total of 50 internal audit reviews have been started from the 2018/19 Plan, 15 have been finalised and a further two are at draft report stage. In addition during this period, 6 reviews have been completed from the 2017/18 Audit Plan and a further three are in draft.
- 3.4 Post Audit Survey results continue to show that overall expectations of auditees are met or exceeded with 75% responding that expectations were exceeded.



4. SUMMARY OF INTERNAL AUDIT WORK

- 4.1 Progress with 2017/18 audits not previously reported and 2018/19 planned audits is detailed in Appendix 2. Progress with the 2018/19 Audit Plan is summarised in Table 2 below:

2018/19 Audit Plan Stage of Audit Activity	Number of assignments	% of the original plan
Scoping/TOR agreed	22	30
Fieldwork in progress	11	15
Draft report issued	2	3
Completed	15	20
Total work completed and in progress	50	68%
Original Plan	73	
Cancelled and Postponed	2	
Additional requests	2	
Total Revised Plan	73	

Table 2

- 4.2 The table shows 68% of planned assignments have been completed or are in progress.

- 4.3 The postponed audits relate to (i) Capital Schemes (Public Realm) postponed to align better with the re-tender of this contract, (ii) Health & Social Care Integration/Integrated Commissioning deferred as PWC have recently reported on a review in this area.
- 4.4 Each completed audit is given an overall assurance grading. These are categorised 'Significant', 'Reasonable', 'Limited' or 'No' assurance. The assurances given so far this year are included in Appendix 2. Full definitions can be found in Appendix 3. For those audits finalised since the last Audit Committee report, the assurance levels are as follows:

Assurance Level	2018/19	2017/18
No	0	0
Limited	5	2
Reasonable	4	3
Significant	4	1
Not Applicable	2	0
Total	15	6

- 4.5 Where Internal Audit work identifies areas for improvement, recommendations are made to manage the level of risk. These are categorised as 'High', 'Medium' or 'Low' priority. The numbers of High and Medium recommendations issued up to 31 December 2018 are shown in Table 3 below.

Categorisation of Risk	Definition	Number 2018/19 Plan	Number 2017/18 Plan not previously reported
High	Major issues that we consider need to be brought to the attention of senior management.	10	4
Medium	Important issues which should be addressed by management in their areas of responsibility.	48	20
Total		58	24

Table 3

5. SCHOOLS

- 5.1 The results of schools' audits are reported to the Hackney Learning Trust (HLT) within the Children's, Adults and Community Health Directorate. In addition, progress with the implementation of recommendations agreed since 2016/17 up to the current date are regularly followed up and reported.
- 5.2 As at 31 December 2018, three school audits were completed, another three are at draft report stage and fieldwork has commenced at a federation covering another three of the schools and children centres listed in the plan. The remaining 8 audits are scheduled across the spring term to ensure completion by the end of the financial year. The audits focus on the existence and compliance with key financial controls and the adequacy of governance arrangements. In addition follow-up audits were undertaken at two schools.

6. IMPLEMENTATION OF RECOMMENDATIONS

- 6.1 In order to track the Council's response to improving the control environment, progress with implementation of agreed internal audit recommendations is tracked. The results of this work for the 'High' priority recommendations from audits undertaken from 2016/17 to date that were due to be implemented by 31 December 2018 are presented in Table 4.

Directorate	Implemented (including no longer relevant)	Partially Implemented	Not implemented/No response	Not Yet Due	Total*
Children's, Adults and Community Health	9	4	0	6	13
Neighbourhoods and Housing	24	11	2	7	37
Finance & Corporate Resources	8	4	1	7	13
Chief Executive's	4	1	0	0	5
Corporate	3	1	0	0	4
Total number	48	21	3	20	72
Percentage (%)*	67%	29%	4%	n/a	100%

* Does not include "Not Yet Due"

Table 4

6.2 The Council's target for 2018/19 is that 90% of 'High' priority recommendations should be implemented in accordance with the agreed timescale. There were 72 'High' priority recommendations followed up, the implementation rate currently stands at 67% fully implemented by the agreed implementation date, with a further 29% partially implemented. The high number of partially implemented recommendations in Neighbourhoods and Housing result from a large number of 'High' category recommendations arising from 4 TMO audits during 2017/18. TMO Services are assisting AAF to ensure that these are implemented and there is progress toward this including regular follow up visits; however, TMOs are separate entities and so the process is taking longer than with many internal clients.

6.3 Of the 225 'Medium' priority recommendations followed up, 82% were assessed as implemented and 5% partially implemented. Details are shown in Table 5 below.

Directorate	Implemented (including no longer relevant)	Partially Implemented	Not implemented /No Response	Not yet due	Total*
Children's, Adults & Community Health	47	1	8	12	56
Neighbourhoods and Housing	52	7	6	5	65
Finance & Corporate Resources	55	2	12	44	69
Chief Executive's	19	1	2	4	22
Corporate	10	1	2	0	13
Total number	183	12	30	65	225
Percentage (%)	82%	5%	13%	n/a	100%

* Does not include "Not Yet Due"

Table 5

6.4. SCHOOLS

Recommendations made during school audits are followed up in the same way as for other recommendations. In circumstances where audits are categorised as 'No' or 'Limited' assurance, or where the school fails to provide progress updates with implementation of 'High' category recommendations, a follow up review is scheduled.

Recommendation Priority	Implemented (including no longer relevant)	Partially Implemented	Not implemented /No Response	Not yet due	Total*
High	16	0	6	3	22
Medium	161	3	13	4	177
Total Number	177	3	19	n/a	199
Percentage (%)	89%	1	10		100%

* Does not include "Not Yet Due"

7. DEVELOPMENTS WITHIN INTERNAL AUDIT

7.1 The Head of Internal Audit & Risk Management left Hackney in November 2018, attempts to fill this vacancy before Christmas were unsuccessful. A further recruitment drive is planned for January 2019. An interim has been recruited to cover this vacancy until a permanent replacement can be found. The vacant auditor post has been filled by one of the Council's CIPFA trainees who has completed their CIPFA training this year, further strengthening the skills and qualifications within the team.

8. ANTI FRAUD SERVICE

8.1 The Anti-Fraud Service consists of three distinct teams; the Audit Investigation Team (AIT), the Tenancy Fraud Team (TFT) and the Pro-Active Fraud Team (PAFT).

8.2 Statistical information relating to all the work of the Council's Anti-Fraud Teams is attached as Appendix 4.

9. CONCLUSIONS

9.1 This report provides details of the performance of the Council's Internal Audit and Anti Fraud Services. It provides assurance that the service is being delivered to meet statutory responsibilities and is continually seeking to improve the standard of its service.

9.2 Using the cumulative knowledge and experience of the systems and controls in place, including the results of previous audit work and the work undertaken to date, it is considered that overall, throughout the Council there continues to be a sound internal control environment.

Internal Audit Annual Plan 2018/19 Progress to August 2018 (including 2017/18 audits not previously reported)				
Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
2017/18 Audits not previously reported				
Commercial voids	0	2	Significant	FINAL
Housing Transfers - process map	3	2	Limited	FINAL
Network/firewall/wireless security/ use of CIS (DWP) system	0	3	Reasonable	FINAL
Home Care/Domicilliary Services	0	5	Reasonable	FINAL
CILS (Section 106 Agreements)	0	4	Reasonable	FINAL
Building Control Fees	2	1	Limited	FINAL
Gainsborough & Childrens Centre	2	6	Limited	FINAL
Planning enforcement – Breaches	0	1	Significant	FINAL
Morningside & Childrens Centre	2	5	Limited	FINAL
M3 - application review	0	2	Significant	FINAL
Social Housing/RSLs - follow up	1	0	N/A	FINAL
Roll numbers in schools (Census Survey)	0	0	Significant	FINAL
IT Services in schools	0	0	Significant	FINAL
Information Governance – GDPR	1	3	Reasonable	FINAL
iTrent-new HR/payroll system	1	1	Reasonable	FINAL
Car Mileage Claims	0	6	Reasonable	FINAL
Contract monitoring - lift servicing report	7	2	No	FINAL
Speakers Office	0	3	Reasonable	FINAL
Software licensing	0	3	Reasonable	DRAFT
Holy Trinity CE	1	5	Limited	FINAL
Gifts and Hospitality	1	3	Reasonable	DRAFT
Rent collection – (arrears & debt recovery)	0	4	Reasonable	DRAFT
Disaster recovery	0	0	Significant	FINAL
Voluntary Sector Grants				WIP
Telephone contracts – monitoring	2	5	Limited	FINAL
Adults with Learning Difficulties				TOR – deferred
Adoption Allowances				TOR
Service Payroll				WIP
2018/19 Audit Plan				
CORPORATE CROSS CUTTING				
AGS co-ordination 2017/18 and 2018/19	N/A	N/A	N/A	Completed for 2017/18
Payroll				
Subject Access Requests (SARs)				TOR
IR35				
Matrix agency contract management				WIP
Commercialisation				TOR
Pension Fund				
Purchasing/procurement cards				WIP
CHIEF EXECUTIVE'S				
Disclosure & Barring Service (DBS) Checks				TOR

Internal Audit Annual Plan 2018/19 Progress to August 2018 (including 2017/18 audits not previously reported)				
Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
CHILDREN, ADULTS & COMMUNITY HEALTH				
Adult Services/Public Health				
Appointeeships/Court of Protection	0	4	Reasonable	FINAL
Public Health Contracts - contract letting				
Health & Social Care Integration/Integrated Commissioning				Deferred to 2020/21
Mortuary Statutory Review				
Children & Families				
Looked After Children (LAC)	1	3	Reasonable	FINAL
Special Educational Needs (SEN) Transport including 2017/18 follow up				
S17 Children in Need spend				TOR
Multi-Agency Working (adults and children)				
Troubled Families – process review	0	0	Significant	FINAL
Education & Schools				
Schools overview report 2017/18			N/A	FINAL
Follow up schools reviews	0	7	Limited	FINAL
Facilities Management contract in schools	1	6	Limited	FINAL
FINANCE & CORPORATE RESOURCES (EXCL ICT)				
Strategic Property				
Health & Safety				TOR
Asset management	1	2	Reasonable	FINAL
Capital Projects - Morning Lane (Tesco site)	0	1	Significant	FINAL
Commercial property - debt management				
Financial Management				
VAT				
NNDR/Business Rates				TOR
Accounts Payable				
Treasury and Investments	0	1	Significant	FINAL
General Ledger – Cedar				WIP
Customer Services				
Council Tax				TOR
Housing Benefits				TOR
Cash receipting/banking				
Registrars Services	0	4	Reasonable	FINAL
Temporary Accommodation	2	2	Limited	FINAL
Procurement				
Single Tender Action (STA) Process				
ICT				
Academy IT application review				WIP
iTrent application post implementation review				TOR
IT equipment disposals	1	7	Limited	FINAL
IT Asset Management				WIP
End user devices - security (incl. mobile devices, remote access)				
IT risk/needs assessment				

Internal Audit Annual Plan 2018/19 Progress to August 2018 (including 2017/18 audits not previously reported)				
NEIGHBOURHOODS AND HOUSING				
Housing				
Fire related safety work and H&S compliance				
TMOs –Wenlock Barn				DRAFT
- Downs				DRAFT
- Clapton Park – follow up	1	2	Significant	FINAL
- Tower – follow up				
- Cranston – follow up				
- Wick – follow up				
Housing Rents				
DLO				
Housing Asset Management				
Housing Service Control Framework				WIP
Housing Asset Management Contracts				
Public Realm				
Libraries				
Leisure Centres Management (GLL) - contract monitoring				TOR
APCOA parking contract				
CCTV monitoring contract				
Capital schemes				Defer to 2019/20
Waste Collection				
Regeneration				
Hackney Sales				WIP
Schools				
Baden Powell PS				
Betty Layward PS				
Viridis Federation (3 schools)				WIP
Daubeney PS+CC				
New Wave Teaching School Alliance (3 schools)		2	Significant	FINAL
Harrington Hill PS (follow up)		2	Reasonable	FINAL
Holmleigh PS				
London Fields PS				
Mandeville PS				
Princess May PS				DRAFT
Stoke Newington School and Sixth Form				DRAFT
Yesodey Hatorah SGS				
Ickburgh School	3	5	Limited	FINAL
Stormont House School				DRAFT
St Pauls with St Michael				

The **Overall Assurance** given in respect of an audit is categorised as follows:

Level of assurance	Description	Link to risk ratings
Significant	Our work found some low impact control weaknesses which, if addressed would improve overall control. However, these weaknesses do not affect key controls and are unlikely to impair the achievement of the objectives of the system. Therefore we can conclude that the key controls have been adequately designed and are operating effectively to deliver the objectives of the system, function or process.	There are two or less medium-rated issues or only low rated or no findings to report.
Reasonable	There are some weaknesses in the design and/or operation of controls which could impair the achievement of the objectives of the system, function or process. However, either their impact would be less than critical or they would be unlikely to occur.	There is no more than one high priority finding and/or a low number of medium rated findings. However, where there are many medium rated findings, consideration will be given as to whether the effect is to reduce the assurance to Limited.
Limited	There are some weaknesses in the design and / or operation of controls which could have a significant impact on the achievement of key system, function or process objectives but should not have a significant impact on the achievement of organisational objectives. However, there are discrete elements of the key system, function or process where we have not identified any significant weaknesses in the design and / or operation of controls which could impair the achievement of the objectives of the system, function or process. We are therefore able to give limited assurance over certain discrete aspects of the system, function or process.	There are up to three high-rated findings. However, if there are three high priority findings and many medium rated findings, consideration will be given as to whether in aggregate the effect is to reduce the opinion to No assurance.
No	There are weaknesses in the design and/or operation of controls which [in aggregate] have a significant impact on the achievement of key system, function or process objectives and may put at risk the achievement of organisation objectives.	There are a significant number of high rated findings (i.e. four or more).

Anti-Fraud Service:

Statistical Information 1 October to 31 December 2018

1. Investigations Referred

The number of non-benefit related investigations undertaken by the Anti-Fraud Service has increased significantly in recent years, from 150 in 2009/10 to 782 in 2017/18. As new fraud threats have emerged, investigative responses have been developed in partnership with other Council teams and external partners.

Group	Department	Number of Cases Referred in Period	Number of Cases Closed in Period	Cases Currently Under Investigation	Referrals 2018/19 to date	Referrals 2017/18
Neighbourhoods & Housing (N&H)	Neighbourhoods & Housing	3	2	4	9	12
	Hackney Homes	2	13	10	3	13
	Tenancy Fraud	64	89	269	190	394
	Parking	38	47	62	134	243
Children, Adults & Community Health (CACH)	Children, Adults & Community Health	1	0	5	3	5
	Overstaying Families Intervention Team (OFIT)	15	8	69	54	104
	Hackney Learning Trust	0	0	2	2	0
Finance & Corporate Resources (F&CR)	Finance & Resources	4	2	5	7	9
Chief Executive Directorate	Chief Executive Directorate	6	1	7	7	2
Total		133	162	433	409	782

Table 1

Note 1: Departments from the old Council structure are shown under the new Group Directorates that most closely approximate to them. While the large majority of pre-2016/17 investigations listed above are appropriate to the Group Directorates shown, there will be isolated exceptions (for example, some H&CS operations are now performed by N&H).

Note 2: Fraud reporting is now provided at Group Directorate level, with additional detail being provided for areas that were previously separate organisations (Hackney Homes and The Learning Trust) and specific Anti-Fraud projects (Tenancy, Parking and OFIT).

Note 3: Cases closed and under investigation may include those carried forward from previous reporting periods.

2. Fraud Enquiries

Investigative support is provided to other bodies undertaking criminal enquiries, including the Police, Home Office and other Local Authorities. The team also supports other LBH teams to obtain information where they do not have direct access and it is available under the Data Protection Act crime prevention and detection gateways.

Source	Number of Cases Referred in period	Number of Cases Closed in period	Cases Currently Under Investigation	2018/19 to date	2017/18
Internal	15	12	3	90	206
Other Local Authorities	13	13	0	44	74
Police	14	14	0	54	51
Immigration	6	6	0	11	10
DWP	206	206	0	654	872
Other	26	26	0	53	24
Total	280	277	3	906	1,237

Table 2

3. National Fraud Initiative (NFI) Matches

The NFI is a biennial data matching exercise, the majority of datasets were most recently received on 20 January 2017 (with the exception of the Council Tax matches which were received in January 2018). Matches are investigated by various LBH teams over the 2 year cycle, AIT investigate some matches and coordinate the overall response. The total number of matches includes 5,954 outcomes that are identified as high priority, participants are expected to further risk assess the results to determine which are followed up.

Type of Match	Number of Matches – Total & (recommended)	Cases Currently Under Investigation	Number Matches Cleared NFI2016	Number Matches Cleared NFI2014
Payroll	119 (36)	3	63	35
Housing Benefit	4,202 (366)	1	51	19
Housing Tenants	1,368 (972)	1,186	68	344
Right to Buy	136 (49)	1	1	224
Housing Waiting List	2,841 (2,740)	20	88	62
Concessionary travel / parking	225 (188)	36	169	22
Creditors	5,943 (721)	638	0	4,724
Pensions	172 (110)	1	171	169
Council Tax	22,580 (601)	2,367	417	3,163
Council Tax Reduction Scheme	3,555 (158)	3	22	n/a
Other	88 (54)	0	29	34
Total	41,232 (5,954)	4,256	1079	5,633

Table 3

On 1 December 2014, Hackney's Housing Benefit Counter Fraud Team was transferred to the Department for Work & Pensions (DWP) as part of their Single Fraud Investigation

Service. Whilst the Council is no longer responsible for undertaking Housing Benefit investigations, Audit & Anti-Fraud (AAF) are required to undertake a large volume of enquiries in support of DWP investigations.

DWP advised Hackney that limited financial support would be provided to the Council to support Housing Benefit investigations in 2017/18. Hackney has continued to fund a part time resource to address specific investigation enquiries, but it is insufficient to allow for review of the thousands of benefit concerns identified by the NFI. The officers that previously undertook this work have all transferred to DWP.

4. Analysis of Outcomes

Investigations can result in differing outcomes from prosecution to no further action. Table 4 below details the most common outcomes that result from investigations conducted by the Anti-Fraud Teams.

Outcome	Reporting Period	2018/19 to date	2017/18
Disciplinary action	0	7	5
Resigned as a result of the investigation	2	6	3
Referred to Police or other external body	6	9	13
Prosecution	0	1	7
Referred to Legal Services	0	0	0
Investigation Report/ Management Letter issued	5	14	12
Council service or discount cancelled	10	58	100
Blue Badges recovered	8	31	64
Other fraudulent parking permit recovered	0	6	36
Parking misuse warnings issued	4	9	28
Penalty Charge Notice (PCN) issued	10	22	60
Vehicle removed for parking fraud	0	2	44
Recovery of tenancy	18	41	66
Housing application cancelled or downgraded	18	38	40
Legal action to recover tenancy in progress	104	n/a	n/a
Right to Buy application withdrawn or cancelled	5	8	14

Table 4

Resigned as a result of the investigation

As a result of the investigations conducted by the Audit Investigation Team (AIT) two members of staff left their employment while enquiries were still in progress for the following reasons: -

- Suspected to be working elsewhere while on sick leave;
- Failing to follow procedures.

5. Financial Losses as a Result of Fraud

The most apparent consequence of many frauds is a financial loss, however, it needs to be noted that it is not always possible to put a value in monetary terms.

In many cases the financial loss accounts for only a small amount of the total cost of the fraud, with the additional amount comprising intangibles such as reputational damage, the cost of the investigation and prosecution, additional workplace controls, replacing staff involved and management time taken to deal with the event and its' aftermath.

The following are estimates of the monetary cost for some of Hackney's priority investigation areas based (where relevant) upon the values that the Audit Commission previously calculated as a reasonable estimate of the value nationwide:

5.1 Tenancy Fraud Team (TFT)

During the period October to December 2018 a total of 18 tenancies have been recovered by the TFT. Using the Audit Commission figure for the estimated cost of temporary accommodation of £18,000 pa, this equates to a saving of £324,000.

In the same period 18 housing applications have been cancelled following TFT review. These investigations help to ensure that Hackney's social housing is only allocated to those in genuine need. The Audit Commission has variously reported the potential benefit to the public purse of each cancelled application as between £4,000 and £18,000, so the value of this work represents a potential saving of between £72,000 and £324,000.

During this period five Right to Buy (RTB) applications were cancelled following investigation. Each RTB represents a discount of £108,000 on the sale of a Council asset. The value of the discount for the RTBs that were declined represents a total of £540,000.

5.2 Overstaying Families Intervention Team (OFIT)

An average weekly support package valued at c£387 is paid to each family supported (applicable to the majority of the 'service cancelled' category in Table 4). Ten support packages were cancelled or refused following AAF investigation between October and December 2018. This equates to a saving in the region of £3,870 per week, if these had been paid for the full financial year it would have cost Hackney approximately £201,792.

5.3 Parking Concessions

The Audit Commission estimated the cost of each fraudulently used Blue Badge to be £100 (equivalent to on-street parking costs in the Hackney Central parking zone for less than 39 hours). Fees of £65 are also payable where a Penalty Charge Notice is issued as part of the enforcement process, or £265 if the vehicle is also removed. In this period AIT recovered 8 Blue Badges, this equates to £800, and enforcement charges of £520 also arose.

The cost for these types of fraud is far greater in terms of the denial of genuine blue badge holders and residents being able to make use of dedicated parking areas, and the reputational damage that could be caused to Hackney if we were seen not to be tackling the abuse of parking concessions within the borough.

5.4 Proactive Fraud Team

AAF successfully bid for government funding for new counter fraud initiatives. The funding, allocated for 2015/16 only, has enabled AAF to focus investigation resources on the project management of the former Hackney Homes decent homes and planned maintenance contracts. Currently, a significant sum of money has been retained against a contract because works claimed to have been carried out are under dispute. Evidence of substantial over-claiming for work has emerged which may lead to further financial claims by Hackney.

There are ongoing enquiries involving possible criminal matters therefore it is not possible to expand here on this important work at this time.

6. Matters Referred from the Whistleblowing Hotline

All Hackney staff (including Hackney Homes and Hackney Learning Trust) can report concerns about suspected fraud and other serious matters in confidence to a third party whistleblowing hotline. Other referral methods are available (and may indeed be preferable from an investigatory perspective), however, the hotline allows officers to raise a concern that they might not otherwise feel able to report. Two referrals were received via the hotline in the reporting period.

7. Regulation of Investigatory Powers Act (RIPA) Authorisations

RIPA is the legislation that regulates the use of surveillance by public bodies. Surveillance is one tool that may be used to obtain evidence in support of an investigation, where it can be demonstrated to be proportionate to the seriousness of the matter concerned, and where there is no other less intrusive means of obtaining the same information.

Because surveillance has the potential to be a particularly intrusive means of evidence gathering, the approval process requires authorisation by a nominated senior Hackney officer (Corporate Head of Audit, Investigations & Risk Management/Director/Chief Executive) and approval by a magistrate. Although Hackney will use its surveillance powers conferred by RIPA when it is appropriate to do so, no application has been made in the current financial year.

8. Proceeds of Crime Act (POCA) Investigations

POCA investigations can only be undertaken by accredited officers, as are currently employed by AAF. POCA supports the Council's investigation processes in four principal ways: -

- Providing access to financial information in connection with a criminal enquiry, subject to approval by Crown Court by way of a **Production Order**.
- Preventing the subject of a criminal enquiry from disposing of assets prior to a trial, where these may have been obtained from criminal activity, by use of a **Restraint Order**, subject to Court approval.
- Recognising that offenders should not be able to benefit from their criminal conduct through the use of **Confiscation Orders**. These allow the courts to confiscate any benefit that a defendant may have received as a result of their crime.
- Under the confiscation process the courts are also able to ensure that victims are compensated for their loss by way of a **Compensation Order**.

Type of Order	Number authorised in period	2018/19 to date	2017/18 total
Production	1	5	4
Restraint	0	0	0
Compensation	0	1	0
Confiscation	0	1	2
Total	1	7	6

Table 5

