
Audit & Anti-Fraud Progress Report

1 April - 30 September 2020

1. INTRODUCTION

- 1.1 The purpose of this report is to present the performance of the Audit & Anti-Fraud Service for the period April - September 2020. It covers 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 two 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 the Council's response to the coronavirus pandemic which saw all auditors redeployed to assist with critical services delivery from March to September. Additionally, completion of planned work in the period was further hampered by the inability of services to facilitate audit reviews whilst the Council focussed resources on responding to the pandemic.
- 2.2 The 2020/21 Audit Plan consisted of 53 audits (of which 11 are schools/children's centres), 19 audits have been postponed or cancelled and six (one school plus five others) were added since the plan was agreed. In order to focus the available resources for the remainder of the financial year it has been necessary to review the annual plan and reduce the number of audit reviews. Reviews planned in services currently classed as critical services in the response to the pandemic have been deferred and three new audit reviews have been added to ensure changes to the system of internal controls, made during lockdown, are adequate and functioning as designed. Proposed changes to the plan have been discussed and agreed with directorate management teams and the Council's external auditor. These changes are reflected in the revised Audit Plan at Appendix 2.

3. INTERNAL AUDIT KEY PERFORMANCE INDICATORS

- 3.1 Internal Audit's performance for 20120/21 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 days between the end of fieldwork & issue of the draft report.	1) 90% by year end 2) Less than 15 working days	1) 12% complete or in progress by 30 September 2020 2) 17 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) 80% - fully implemented** 11% - partially implemented
Client Satisfaction <i>To ensure that clients are satisfied with the service</i>	1) Results of Post Audit Questionnaires 2) Results of other Questionnaires	1) Responses meeting or exceeding expectations 2) Satisfactory	1) 100% (82% exceeded expectations and excellent) 2) N/A 3) None

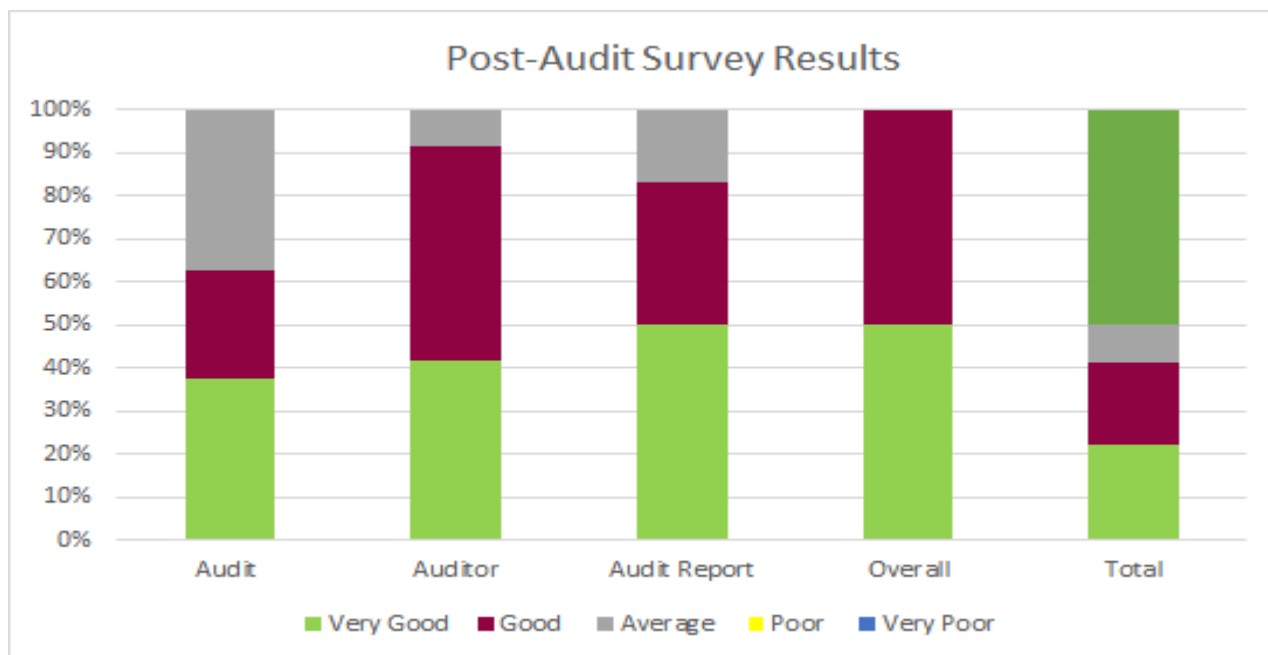
<i>and consider it to be good quality</i>	3) No. of Complaints / Compliments	3) Actual numbers reported	
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** See paragraph 6.2 for explanation

Table 1

3.2 As at 30 September 2020 a total of six internal audit reviews have been started from the 2020/21 Plan, three have been finalised and a further two are at draft report stage. In addition 10 reviews carried forward from the 2019/20 annual plan were finalised.

3.3 Post Audit Survey results continue to show that overall expectations of auditees are met or exceeded with 82% responding that expectations were exceeded, see bar chart below.



4. SUMMARY OF INTERNAL AUDIT WORK

4.1 Progress with 2020/21 planned audits is summarised in Table 2 below and detailed in Appendix 2.

2020/21 Audit Plan Stage of Audit Activity	Number of assignments	% of the original plan
Scoping/TOR agreed	1	2
Fieldwork in progress		
Draft report issued	2	4
Completed	3	6
Total work completed and in progress		
Original Plan	53	
Cancelled and Postponed	19	
Additional requests	6	
Total Revised Plan	40	

Table 2

4.2 The table shows 12% of the planned assignments have been completed or are in progress.

4.3 Details of cancelled/postponed audits are shown in Table 3 below.

Review	Reason for Deferral
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Pension Fund	Unable to proceed due to lack of staff resources during Covid response
Commercialisation	Cancelled at management request
Electoral Services	Deferred to 2021/22 due to Covid
Grants	On hold due to work on Covid grants
Direct Payments	Deferred to 2021/22 due to Covid
Residential Care	Deferred to 2021/22 due to Covid
Adults Homecare Payments Team	Deferred to 2021/22 due to Covid
Housing with Care	Deferred to 2021/22 due to Covid
LAC Incidentals	Deferred to 2021/22 due to Covid
Facilities Management in Schools	Deferred to 2021/22 due to Covid
Consultants	Cancelled at management request. Restructure taking place to reduce usage. New corporate review planned that will incorporate some aspects of the original review.
Capital Budget Monitoring	Cancelled - Audit Committee is undertaking a deep dive review so would be a duplication.
NNDR/Business Rates	Deferred to 2021/22 due to Covid
Accounts Payable - Ivanti Post Implementation Review	Cancelled at management request, not considered necessary.
Council Tax	Deferred to 2021/22 due to Covid
Capital Schemes - monitoring/project management	Cancelled - Audit Committee is undertaking a deep dive review
Gold Loggists - recruitment/training/preparation	Deferred to 2021/22 due to Covid
Build Quality on New Builds	Cancelled - no longer required

Table 3

- 4.4 Each completed audit is given an overall assurance grading. These are categorised as 'Significant', 'Reasonable', 'Limited' or 'No' assurance. The assurances given this year are included in Appendix 3. For those audits finalised this year, including 10 carried forward from the 2019/20 plan, the assurance levels are set out in Table 4.

Assurance Level	2020/21	2019/20
No	0	0
Limited	0	3
Reasonable	0	2
Significant	1	3
Not Applicable	1	2
Total	2	10

Table 4

- 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 30 September 2020 are shown in Table 5.

Categorisation of Risk	Definition	Number 2020/21 Plan	Number 2019/20 Plan not previously reported
High	Major issues that we consider need to be brought to the attention of senior management.	0	7

Medium	Important issues which should be addressed by management in their areas of responsibility.	2	29
Total		2	36

Table 5

5. SCHOOLS

- 5.1 The results of schools' audits are reported to the Hackney Education (HE) within the Children's, Adults and Community Health Directorate. In addition, progress with the implementation of agreed recommendations from 2016/17 to the current date are regularly followed up and reported.
- 5.2 As a result of school's being closed as part of the national lockdown and the stresses placed on school management a decision has been taken to defer all audits until after October half term. Following the successful pilot of Internal Control Questionnaires (ICQs) in 2019/20 this approach will be used for future reviews. This approach allows for the necessary insurances to be given whilst reducing the resources necessary to complete the audits, both for the school and the audit service. The audits focus on the existence and compliance with key financial controls and the adequacy of governance arrangements.
- 5.3 As at 30 September 2020, two school and children centre audits ongoing from the 2019/20 audit plan had been finalised, three had been issued with draft reports.

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 that were due to be implemented by 30 September 2020 are presented in Table 6.

Directorate	Implemented/ No longer relevant	Partially Implemented	Not implemented /No response	Not Yet Due	Total*
Children's, Adults and Community Health	17	1	2	0	20
Neighbourhoods and Housing	42	6	5	4	53
Finance & Corporate Resources	17	4	1	0	22
Chief Executive's	5	0	0	0	5
Corporate	3	1	1	0	5
Total number	84	12	9	4	105
Percentage (%)*	80	11	9	n/a	100

* Does not include "Not Yet Due"

Table 6

- 6.2 The Council's target for 2020/21 is 90% of 'High' priority recommendations should be implemented in accordance with agreed timescale. Audit followed up 105 'High' priority recommendations, the implementation rate currently stands at 80% fully implemented, with a further 11% partially implemented.
- 6.3 Of the 410 'Medium' priority recommendations followed up 81% were assessed as implemented and 10% partially implemented. Details are shown in Table 7.

Directorate	Implemented/ No longer relevant	Partially Implemented	Not implemented /No Response	Not yet due	Total*
Children's, Adults & Community Health	73	6	13	0	92
Neighbourhoods and Housing	107	17	2	7	126
Finance & Corporate Resources	112	18	16	0	146
Chief Executive's	25	0	0	0	25
Corporate	16	1	4	0	21
Total number	333	42	35	7	410
Percentage (%)	81	10	9	n/a	100

* Does not include "Not Yet Due"

Table 7

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/ No longer relevant	Partially Implemented	Not implemented/ No Response	Not yet due	Total*
High	48	2	1	0	51
Medium	256	8	2	0	266
Total Number	304	10	3	0	317
Percentage (%)	96	3	1	n/a	100

* Does not include "Not Yet Due"

Table 8

7. DEVELOPMENTS WITHIN INTERNAL AUDIT

- 7.1 The Head of Internal Audit & Risk Management remains vacant, covered by an interim. The service, like many services in the Council, was subject to changes resulting from the voluntary redundancy scheme in February 2020. This resulted in two auditor posts being deleted. The planned review of the management, resources and approach adopted by the internal audit team resulting from the reduction in resources, has been deferred until the current Covid19 crisis has passed. Temporary cover was organised from the end of December 2019 to assist with completing the 2019/20 audit plan, this resource was redeployed along with the other three members of the team to assist critical front line services during the crisis but all four have now returned to audit work.
- 7.2 The completion of ICT audits for 2019/20 were impacted by the Council's response to the Covid19 pandemic. These had been scheduled to be completed during Q4 however although work did start this had to be put on hold to allow IT to focus on supporting the Council's management of its workforce. Audits not completed from the 2019/20 plan that were still relevant have been included in the 2020/21 plan however at the time of reporting no reviews have commenced in this service area. The revised Annual Audit Plan (Appendix 2) has taken account of discussions with the Director and management team to identify those areas where planned work could progress without having a negative effect on service delivery.

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). The planned review of structures and resources following the outcomes of the Council's Voluntary Redundancy Scheme has been delayed as a result of the Covid19 pandemic.
- 8.2 Half of the investigators were redeployed to assist key services as part of the pandemic response. Some investigative activities have not been possible for much of the financial year, although these are being carefully reintroduced with additional safeguards in place. Despite these difficulties, significant financial benefits continue to arise from these enquiries (equivalent to 73% of the benefits which had been achieved at the corresponding time in 2019/20).
- 8.3 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 The ability to complete internal audit reviews has been severely hampered by the Covid19 pandemic which has affected the whole country. Where it is possible to undertake work virtually this is being done. Work that has been put on hold will recommence as appropriate. Resources will focus on reviews that will provide evidence to support the Head of Internal Audit & Risk Management's annual assurance statement.
- 9.3 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					
<i>Progress to 30 September 2020 (including 2019/20 audits completed in the year)</i>					
Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
2019/20 Audits					
1920LBH01	AGS Co-ordination 2019/20	N/A	N/A	N/A	Completed
1920LBH09	IR35	2	2	Limited	Final
1920CACH13	Children Leaving Care	2	9	Limited	Final
1920CACH14	Children's Disability Payments				Draft
1920CACH15	Schools Overview Report 2018/19	0	1	N/A	Final
1920CACH16	Special Educational Needs (SEN) Transport	0	7	Reasonable	Final
1920CACH03	Mortuary Statutory Review				Draft
1920ICT02	Cyber Resilience				Draft
1920NH05	DLO	0	0	Significant	Final
1920NH07	Major Works	2	5	Limited	Final
1920NH12	Parking Income				Draft
1920NH13	Markets Management	0	0	Significant	Final
1920SCH06	Daubeney Primary School				Draft
1920SCH14	Sebright School				Draft

Appendix 2

1920SCH23	Lauriston Primary School				Draft
1920SCH29	Randal Cremer Primary School	1	5	Reasonable	Final
1920SCH41	St Scholastica Catholic Primary School (replaces St Matthias)	0	2	Significant	Final

Internal Audit Annual Plan					
<i>Progress to 30 September 2020 (including 2019/20 audits completed in the year)</i>					
Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
2020/21 Audits					
Corporate / Cross Cutting					

Appendix 2

2021LBH01	AGS co-ordination 2020/21				
2021LBH04	Equal Pay				
2021LBH05	Company Management/ Governance (e.g. Hackney Light & Power, Tiger Way, Ed Partnerships)				
2021LBH07	Review of Contract Management - Performance Management				Draft
New proposal	Corporate Response to Covid 19				New - necessary to be able to provide assurance that the control framework introduced for new areas of activity are working effectively, lessons learnt
Chief Executive's					
2021CE02	Environmental Sustainability & Climate Change				Audits merged
2021CE04	Establishment				ToR
Children, Adults & Community Health					
Adult Services/Public Health					
2021CACH01	Mortuary Statutory Review				
2021CACH03	Integrated Learning Disabilities Service (ILDS)				
Children & Families					

Education					
2021CACH10	Schools overview report 2019/20	0	1	N/A	Final
2021CACH12	Schools overview report 2020/21				
	Compliance review for schools based upon a risk assessment and cyclical review, 11 due this year. Additional review of Primary Advantage Federation requested by HE.				
2021CACH11	Themed audit Early Years Setting -15 hours free entitlement for 2 year olds				
2021CACH08	Safeguarding - Children Missing from School - F/up				
Public Health					
					Noreview planned due to pressures on this service resulting from Covid response
FINANCE & CORPORATE RESOURCES					
Strategic Property					
Financial Management					
2021FCR05	Treasury and Investments	0	1	Significant	Final
New review	Main Financial System upgrade - post implementation review				New audit requested by Mgmt

Appendix 2

New review	Income Compensation Scheme - audit of grant claim				New audit requested by Mgmt following response to Covid
Audit & Anti-Fraud					
2021FCR09	Anti-Fraud				
Customer Services					
	Cautionary Contact (ASB/CTax Teams)				See Housing
Procurement					
2021FCR08	Virtual Payment Cards - Post Implementation Review				New audit following response to Covid.
New review	Consultants role in Procurement				Requested by Management
Human Resources					
2021CE04	Establishment				ToR
ICT					
2021ICT01	Programmes & Projects/Project Benefit Appraisal				
2021ICT02	ICT RM, sources of assurance				
2021ICT03	Mobile Device Security & EP Security				
2021ICT04	Service Desk Case Management & End User experience (focussed on the new ways of working)				

2021ICT05	GDPR - Privacy by Design				
Neighbourhoods & Housing					
Housing					
2021NH01	Suffolk TMO				
2021NH02	Wyke TMO				
2021NH03	C/Tax & Hackney Housing - Cautionary Contact				
Public Realm					
2021NH06	Use of Infrastructure Levy/section 106				
Regeneration					
					No review planned
Schools					
Children's Centres					
2021SCH01	Gainsborough Children's Centre (with school)				
2021SCH02	Lubavitch Children's Centre				
2021SCH03	Mapledene Children's Centre (linked to Queensbridge PS)				
Primary Schools					

Appendix 2

2021SCH01	Gainsborough Community Primary School				
2021SCH04	Berger Primary School				
2021SCH05	Gayhurst Community School				
2021SCH06	Holmleigh Primary School				
2021SCH03	Queensbridge Primary School				
2021SCH07	St. John the Baptist CE Primary School				
2021SCH08	St. Matthias CE Primary School				
2021SCH09	Colvestone Primary School				
2021SCH10	Whitmore Primary School				
2021SCH13	Primary Advantage Federation (PAF)				Draft
Secondary Schools					
2021SCH11	Yesodey Hatorah Senior Girls' School				
Special Schools					
2021SCH12	Ickburgh School				

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.	No more than one high priority finding &/or a low number of medium rated findings. 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 April to 30 September 2020

1. Investigations Referred

The Anti-Fraud service has received 192 referrals so far during 2020/21, which represents a significant decrease on 2019/20. This is due to reductions of tenancy and parking referrals and is entirely due to the pandemic. Other areas of operation remain broadly consistent with previous levels of activity.

Group	Department	Number of Cases Referred in Period	Number of Cases Closed in Period	Cases Currently Under Investigation	Referrals 2020/21 to date	Referrals 2019/20
Neighbourhoods & Housing (N&H)	Neighbourhoods & Housing	4	1	6	4	6
	Hackney Homes	0	0	4	0	12
	Tenancy Fraud	85	59	266	85	266
	Parking	51	46	75	51	220
Children, Adults & Community Health (CACH)	Children, Adults & Community Health	0	2	8	0	10
	No Recourse to Public Funds (NRPF)	41	21	40	41	89
	Hackney Education	4	4	8	4	5
Finance & Corporate Resources (F&CR)	Finance & Resources	7	15	13	7	12
Chief Executive Directorate	Chief Executive Directorate	0	0	2	0	0
Total		192	148	422	192	620

Table 1

Note 1: Fraud reporting is 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 NRPF).

Note 2: Cases closed/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	2020/21 to date	2019/20

Internal	61	60	1	61	184
Other Local Authorities	13	14	0	13	64
HMRC	3	4	0	3	16
Police	26	26	0	26	32
Immigration	1	1	0	1	3
DWP	177	178	0	177	708
Other	14	14	1	14	35
Total	295	297	2	295	1042

Table 2

3. National Fraud Initiative (NFI) Matches

The NFI is a biennial data matching exercise, the majority of datasets were most recently received in January 2019. Matches are investigated by various LBH teams over the 2 year cycle, AAF investigate some matches and coordinate the Council's overall response. The total number of matches includes a number of recommended cases 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	Cases Under Investigation	Number Matches Cleared NFI2018/19	Number Matches Cleared NFI2016/17
Payroll	145	4	81	63
Housing Benefit	3376	6	128	51
Housing Tenants	1443	16	58	68
Right to Buy	55	0	10	1
Housing Waiting List	2614	122	70	88
Concessionary travel / parking	203	0	187	169
Creditors	6,428	0	sample	638
Pensions	217	9	207	171
Council Tax	22608	291	9628	3,163
Council Tax Reduction Scheme	2453	29	185	22
Covid19 business grants	8,873	26	937	n/a
Other	72	3	50	29
Total	48,467	506	11,541	4,463

Table 3

There has been a significant increase in the number of matches reviewed from the most recent NFI release. This is in part due to extra focus in this area as capacity has been made available by a reduction in some reactive work due to Covid. Particular areas where outcomes have resulted in 2020/21 to date are -

- Fourteen business grants with a value of £140,000 have been withheld following AAF investigation;
- CTRS claims have been cancelled following the discovery of undeclared income, resulting in assistance to the value of £116,500 being cancelled.
- A further £87,531 of incorrectly claimed Council Tax single person discounts have been identified and are in the process of being recovered (taking the total that has been identified from the 2018/19 exercise to £392,205).

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

Hackney has agreed to provide DWP officers with direct access to our Housing Benefit records, although the timescale for doing this has been adversely impacted by Covid19. When this trial is able to proceed it is expected that this will reduce the financial burden in providing support to Housing Benefit investigations undertaken by the 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	2020/21 to date	2019/20 to date
Disciplinary action	0	0	3
Resigned as a result of the investigation	1	1	9
Referred to Police or other external body	0	0	1
Prosecution	0	0	1
Referred to Legal Services	0	0	9
Investigation Report/ Management Letter issued	2	2	10
Council service or discount cancelled	44	44	87
Blue Badges recovered	20	20	41
Other fraudulent parking permit recovered	2	2	0
Parking misuse warnings issued	10	10	19
Penalty Charge Notice (PCN) issued	21	21	71
Vehicle removed for parking fraud	8	8	38
Recovery of tenancy	6	6	85
Housing application cancelled or downgraded	75	75	42
Legal action to recover tenancy in progress	115	115	81
Right to Buy application withdrawn or cancelled	0	0	15

Table 4

Resigned as a result of the investigation

As a result of the investigations conducted by the Audit Investigation Team (AIT) one member of staff left while they were under investigation in connection with an allegation of fraud.

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 direct 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 April to September 2020 a total of 6 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 £108,000.

In the same period 75 housing applications have been cancelled following a 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 £300,000 and £1.35m.

5.2 No Recourse to Public Funds Team (NRPF)

An average weekly support package valued at c£387 is paid to each family supported (applicable to the 'service cancelled' category in Table 4). In the period April to September 2020 44 support packages were cancelled or refused following AAF investigations. This equates to a saving in the region of £17,028 per week, if these had been paid for the full financial year it would have cost Hackney approximately £887,888.

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 removed. In this period AIT recovered 20 Blue Badges, this equates to £2,000, enforcement charges of £2,965 also arose.

The cost for these types of fraud is far greater in terms of the denial of dedicated parking areas to genuine blue badge holders and residents, 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.

6. **Matters Referred from the Whistleblowing Hotline**

All Hackney staff (including Hackney Homes and Hackney Education) 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, one of these concerned an allegation of fraud.

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. The Council is able to benefit financially from the use of POCA investigation powers. The amount awarded to the Council is greater in instances where the Council is both the investigating and prosecuting authority. The Council's investigation processes are supported by POCA 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	2020/21 to date	2019/20 to date
Production	0	0	10
Restraint	0	0	0
Compensation	0	0	1
Confiscation	0	0	2
Total	0	0	13

Table 5

So far this year the Council has not received any income as a result of POCA Confiscation and Compensation Orders. It should be noted that funds awarded from successful POCA investigations can often be received some time after the investigation is reported.