Audit & Anti-Fraud Progress Report

1 April 2022 - 30 September 2022

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 September 2022. 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, supplemented by specialist IT skills from an external provider. Internal Audit also supports the Council's CIPFA trainee programme. Internal Audit, like all services in the Council, continues to be affected by the cyber attack and the Covid-19 pandemic albeit that the disruption to services has significantly reduced. Internal Audit relies upon the co-operation of directorates and service level management to enable us to undertake the planned reviews. As a result of the ongoing lack of access to some systems and accurate data there have been various reviews across the Council that have needed to be deferred for another year.

2.2 One internal audit post has been vacant since October 2021, this has been covered by agency staff since June 2022. We are focusing our resources on the areas that management have agreed can take place and will provide the necessary evidence to support the Head of Internal Audit's annual assurance statement.

2.3 The 2022/23 Audit Plan consisted of 59 audits (of which 11 are schools/children's centres), 5 audits were postponed, cancelled or combined, and 2 were added since the plan was agreed.

3. INTERNAL AUDIT KEY PERFORMANCE INDICATORS

3.1 Internal Audit's performance for 2022/23 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 *To ensure the service provides Value for Money*	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) 41% complete or in progress by 30 September 2022 2) 11 days
Quality *To ensure recommendations made by the service are agreed and implemented*	1) Percentage of medium recommendations made which are agreed 2) Percentage of agreed high priority recommendations which are implemented	1) 100% 2) 90%	1) 100% 2) 86% - fully implemented** 13% - partially implemented
Client Satisfaction	1) Results of Post Audit Questionnaires	1) Responses meeting or	1) 100%

To ensure that clients are satisfied with the service and consider it to be good quality	2) Results of other Questionnaires 3) No. of Complaints / Compliments	exceeding expectations 2) Satisfactory 3) Actual numbers reported	(81% exceeded expectations or excellent) 2) N/A 3) None

** See paragraph 6.2 for explanation   Table 1

3.2 As at 30 September 2022 a total of 24 internal audit reviews have been started from the 2022/23 Plan, 2 have been completed and a further 3 are at draft report stage. In addition 14 reviews carried forward from the 2021/22 annual plan were finalised.

3.3 Post-Audit Survey results from April 2021 to date continue to show that overall expectations of auditees are met or exceeded with 81% responding that expectations were exceeded, see bar chart below.
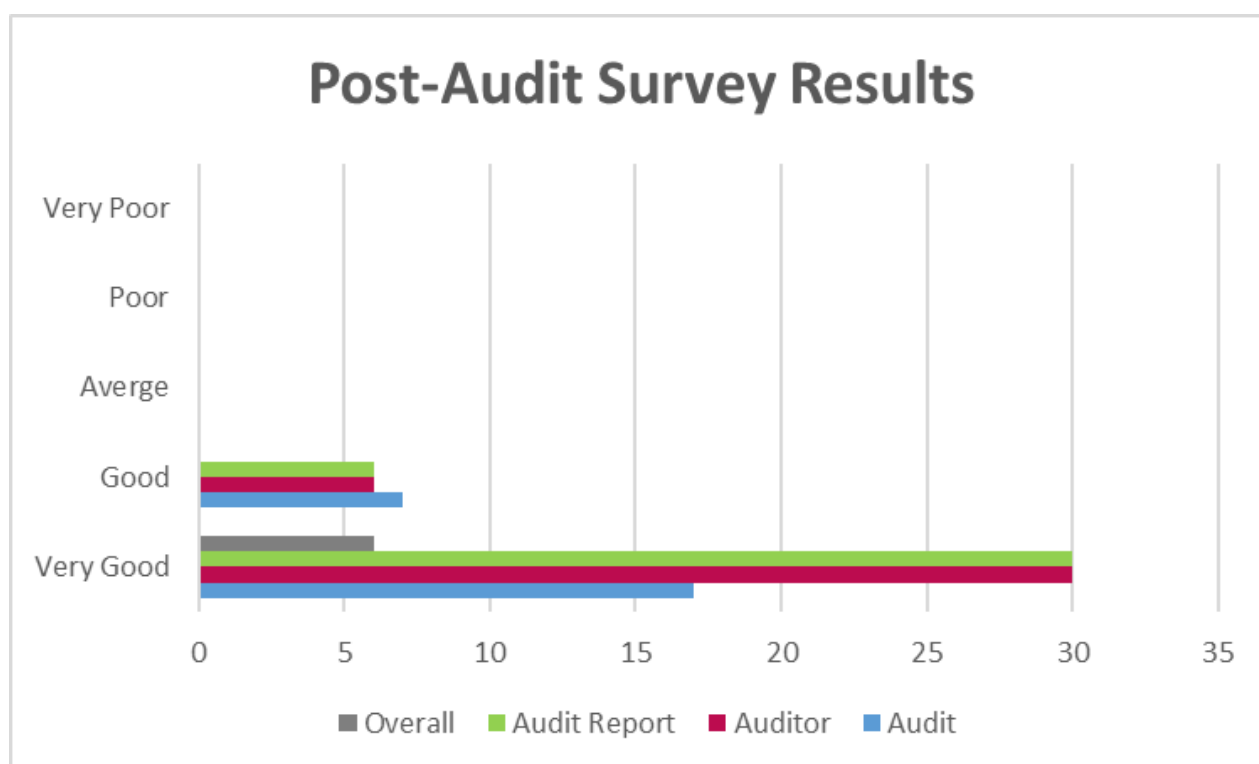
4. SUMMARY OF INTERNAL AUDIT WORK

4.1 Progress with 2022/23 planned audits is summarised in Table 2 below and detailed in Appendix 2.

2022/23 Audit Plan Stage of Audit Activity	Number of assignments	Percentage of revised plan
Scoping/TOR agreed	12	21
Fieldwork in progress	7	13
Draft report issued	3	5
Completed	2	3
Total work completed and in progress	**24**	**42%**
Original Plan	59	
Additional requests	2	
Cancelled or Postponed	5	

Total Revised Plan	56

<div align="right">Table 2</div>

4.2 The table shows 42% 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
Climate Change/Zero Tolerance	Management request - New Strategy produced which needs time to bed in
Procurement of Homecare	Management request - Delay in procurement process
Matrix ICT Contract	Management request - Restructure in service area
Streetscene	Other AAF work ongoing in service area
Public Health financial controls	Review now included under Commissioned Services audit (AHI03)
Review	**Reason for Addition**
Accounts Payable	Management request - efficient to review at the same time as another audit
Freedom of Information	Previously deferred audit that can now go ahead

<div align="right">Table 3</div>

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 14 carried forward from the 2021/22 plan, the assurance levels are set out in Table 4.

Assurance Level	2022/23	2021/22
No	0	1
Limited	0	0
Reasonable	2	8
Significant	0	4
Not Applicable	0	1
Total	**2**	**14**

<div align="right">Table 4</div>

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 2022 are shown in Table 5.

Categorisation of Risk	Definition	Number 2022/23 Plan	Number 2021/22 Plan not previously reported
High	Major issues that we consider need to be brought to the attention of senior management.	0	8
Medium	Important issues which should be addressed by management in their areas of responsibility.	14	51
	Total	**14**	**59**

<div align="right">Table 5</div>

5.   SCHOOLS

5.1   The results of schools' audits are reported to Hackney Education (HE) within the Children's and Education Directorate. In addition, progress with the implementation of agreed recommendations from 2017/18 to the current date are regularly followed up and reported.

5.2   Following the successful pilot of Internal Control Questionnaires (ICQs) in 2019/20 this approach is now part of our standard operating practice. This approach allows for the necessary assurances 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 2022, 5 school and children centre audits ongoing from the 2021/22 audit plan have been finalised.

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 2017/18 that were due to be implemented by 30 September 2022 are presented in Table 6.

Directorate	Implemented/ No longer relevant	Partially Implemented	Not implemented /No response	Not Yet Due	Total*
AHI	7	2	0	1	9
Children & Education	4	0	0	0	4
Climate, Homes & Economy	54	8	1	2	63
Finance & Corporate Resources	17	2	0	0	19
Chief Executive's	1	0	0	0	1
Corporate	0	1	0	0	1
Total number	83	13	1	3	97
Percentage (%)*	86%	13%	1%	n/a	100%

*   Does not include "Not Yet Due"   Table 6

6.2   The Council's target for 2022/23 is 90% of 'High' priority recommendations should be implemented in accordance with agreed timescale. Audit followed up 97 'High' priority recommendations, the implementation rate currently stands at 86% fully implemented, with a further 13% partially implemented.

6.3 Of the 353 'Medium' priority recommendations followed up 88% were assessed as implemented and 8% partially implemented. Details are shown in Table 7.

Directorate	Implemented /No longer relevant	Partially Implemented	Not implemented /No Response	Not yet due	Total*
Adults, Health & Integration	37	3	0	1	40
Children & Education	27	3	0	0	30
Climate, Homes & Economy	114	7	11	6	132
Finance & Corporate Resources	103	6	3	2	112
Chief Executive's	15	2	0	4	17
Corporate	15	6	1	1	22
Total number	311	27	15	14	353
Percentage (%)	88%	8%	4%	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	38	1	1	0	40
Medium	183	6	29	0	218
Total Number	221	7	30	0	258
Percentage (%)	86%	3%	11%	n/a	100%

* Does not include "Not Yet Due"   Table 8

7. **DEVELOPMENTS WITHIN INTERNAL AUDIT**

7.1 A planned review of the division's management and resources which had been deferred as a result of the pandemic and cyber attack has recently been undertaken , the new structure comes into effect on 7 November 2022. The Head of Internal Audit & Risk Management which had remained vacant for a number of years will be deleted, this role will be covered by the Head of Audit, Anti Fraud & Risk Management. The restructure also created a new Audit Manager and an Audit Team Leader. Recruitment processes to fill these new posts in line with corporate policies are ongoing. In addition there remains a vacant internal auditor post that is being covered by temporary staff.

7.2 The completion of ICT audits were significantly hampered by both the service's response to the Covid-19 pandemic and the cyber attack in October 2020. The focus of planned audits

in this service area were reconsidered with management to try to ensure planned reviews could take place in 2021/22. Unfortunately despite revising the planned audits it was not possible to complete most of the audits in this area last year and the reviews that remained relevant have been carried forward to this year's plan. There are ongoing resource issues within ICT that are hampering the completion of these reviews. Discussions are ongoing with senior management to try to ensure reviews are able to be undertaken during the year.

8.   ANTI FRAUD SERVICE

8.1   The restructure of the AAF service also resulted in changes within the Anti-Fraud Service. The Audit Investigation Manager will be responsible for all investigations, including Tenancy Fraud enquiries. They will be supported by two Team Leaders with particular responsibilities for Housing and Proactive investigations, and the Pro-Active Anti-Fraud Team (PAFT) Manager post will be deleted. The new structure is due to take effect on 7 November 2022. Recruitment to fill posts that were held vacant during the pandemic period will see an increase in capacity.

8.2   Investigation activity has been fully resumed following the disruption caused by the pandemic, which severely curtailed some areas of work. Some impacts continue to be felt following the cyber attack and, more significantly, from backlogs that have built up in the criminal justice system since early 2020.

8.3   Statistical information relating to the work of the Anti-Fraud Teams is shown at 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 criminal cyber attack continues to impact the ability of the Audit & Anti Fraud Service to carry out its work, including the completion of internal audit reviews and investigations although the return of access to systems and data lost in the attack continues to make progress. The service demonstrated its agility, creativity and resilience to continue to undertake much of its core work. Resources are focussed on reviews that have been deferred from previous years and those that will provide evidence to support the Head of Internal Audit & Risk Management's annual assurance statement.

Internal Audit Annual Plan Progress to 30 September 2022 (including 2020/21 & 2021/22 audits completed in the current year)					
Code	**Description**	**High Priority**	**Medium Priority**	**Audit Assurance**	**Status**
2021/22 Audits					
Corporate / Cross Cutting					
2122LBH01	AGS co-ordination 2021/22	N/A	N/A	N/A	Final
2122LBH02	Co Management/ Governance	0	6	Reasonable	Final
Chief Executive's					
2122CEX01	Electoral Services	0	4	Reasonable	Final
2122CEX02	Grants	0	1	Significant	Final
FINANCE & CORPORATE RESOURCES					
Customer Services					
2122FCR06	Searchlight System Review - Data security	0	2	Significant	Final
2122FCR07	Procurement of Homelessness Provision	0	2	Significant	Final
ICT					
2021ICT03	Mobile Device Management	0	4	Reasonable	Final
Neighbourhoods & Housing					
Housing					
2122NH01	Clapton Park TMO	4	11	No	Final
2122NH02	Wyke TMO	1	2	Reasonable	Final
Schools					
Primary Schools					
2122SCH01	Colvestone	1	2	Reasonable	Final
2122SCH03	Parkwood	1	4	Reasonable	Final
2122SCH05	St Dominic's	0	6	Reasonable	Final
Secondary Schools					
2122SCH12	New Regent's College	0	0	Significant	Final
2122SCH14	Yesodey Hatorah Senior Girls School	1	7	Reasonable	Final

Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
span	**2022/23 Audits**				
Corporate / Cross Cutting					
2223LBH01	AGS co-ordination 2021/22				Q4
2223LBH02	Climate Change/Zero Tolerance				Deferred to 2023/24 - mgmt request
2223LBH03	Equal Pay				
2223LBH04	Organisational Culture				
Chief Executive's					
2223CEX01	Council Meetings - Governance				
Adults, Health & Integration					
Adult Services/Public Health					
2223AHI01	Mortuary				
2223AHI02	Integrated Learning Disabilities Service (ILDS)				
2223AHI03	Commissioned Services - Sexual Health Services				WiP
2223AHI04	Safeguarding Adults				ToR
2223AHI05	Procurement of Homecare				Deferred to 2023/24 - mgmt request
Children & Education					
Children & Families					
2223CE01	LAC Incidentals				
2223CE02	Local Safeguarding Children's Partnership				Draft
2223CE03	NRPF				ToR
2223CE04	Development of Children & Family Hubs (Advisory)				
2223CE05	Joint Agency Funding - Children with Complex Needs				

Education & Schools					
2223CE06	Schools overview report 2019/20				
2223CE07	Cost of Children in Alternative Provision				ToR
Schools					
Children's Centres					
2223SCH04	Millfields CC				
Primary Schools					
2223SCH01	Harrington Hill Primary				
2223SCH02	Holmleigh Primary				
2223SCH03	London Fields Primary				
2223SCH04	Millfields Primary				
2223SCH05	Nightingale Primary				
2223SCH10	Betty Layward				ToR
2223SCH11	Oldhill Primary	0	6	Reasonable	Final
Secondary Schools					
2223SCH06	Stoke Newington Secondary				
2223SCH07	Haggerston Secondary				
2223SCH08	Stormont House				
2223SCH09	Clapton Girls Academy				WiP
FINANCE & CORPORATE RESOURCES					
Financial Management					
2223FCR01	Banking Team - Refunds of Income				Draft Report
2223FCR02	Treasury Management				WiP
2223FCR03	Main Accounting System				WiP
2223FCR04	Accounts Receivable				WiP
2223FCR05	Pensions				ToR
2223FCR12	Accounts Payable				WiP
Human Resources					
2223FCR06	Matrix ICT Contract (Digital market place)				Deferred to 2023/24 - mgmt request

Procurement					
2223FCR07	Supplier Set-up on Cedar				Draft Report
2223FCR08	IR35 Follow up				ToR
Revenues & Benefits					
2223FCR09	Council Tax				
2223FCR10	NNDR/Business Rates				ToR
Strategic Property					
2223FCR11	Commercial Property Income				ToR
ICT					
2223ICT01	3 year ANA				Q4
2223ICT02	ICT Governance				
2223ICT03	ICT Security				
2223ICT04	Home Working Support				ToR
2223ICT05	Cloud Platform				
2223ICT06	FOI				ToR
2223ICT07	Follow-up of Recommendations				
Climate, Homes & Economy					
Housing					
2223CHE01	Cranston TMO				
2223CHE02	Clapton Park TMO - Follow Up				
2223CHE03	Streetscene				Deferred
2223CHE04	Fire Safety Risks				ToR
2223CHE05	Rent Arrears - Incl. Effect of UC on Tenant Arrears				
2223CHE06	Repairs Blacklog				
2223CHE07	Assurance on New Systems, Repairs, Asset Management & Community Safety				
Public Realm					

2223CHE08	Use of Infrastructure Levy/Section 106				ToR
2223CHE09	LTN Process				ToR
Regeneration					
2223CHE10	Housing Supply Programme	0	8	Reasonable	Final
22223CHE11	Area Regeneration				WiP
2223CHE12	Processes & Procedures				

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 2021 to 31 March 2022

1.   Investigations Referred

The Anti-Fraud service has received 305 referrals to date during 2022/23, which represents a significant increase on the rate of referrals received during 2021/22. It is roughly in line with the 617 cases received pre-pandemic in 2019/20.

Group	Department	Number of Cases Referred in Period	Number of Cases Closed in Period	Cases Currently Under Investigation	Referrals 2022/23	Referrals 2021/22
Climate, Homes & Economy (CHE)	Climate, Homes & Economy	21	14	7	21	12
	Tenancy Fraud	147	118	396	147	232
	Parking	99	70	29	99	157
Children's & Education	Children's	5	3	2	5	0
	No Recourse to Public Funds (NRPF)	22	9	13	22	44
	Hackney Education	0	9	0	0	0
Adults, Health & Integration	Adults, Health & Integration	4	2	2	4	3
Finance & Corporate Resources (F&CR)	Finance & Resources	4	0	4	4	6
	Covid19 Business Grants	2	0	2	2	0
Chief Executive's Directorate	Chief Executive's Directorate	1	1	0	1	1
Total		305	226	455	305	455

Table 1

Note 1:   Fraud reporting is provided at Group Directorate level, with additional detail being provided for areas that have been the subject of a dedicated counter-fraud response (Tenancy, Parking, Covid grants 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	2022/23	2021/22
Internal	13	13	0	13	92
Other Local Authority / Housing Association	28	28	0	28	95
HMRC	2	2	0	2	3
Police	10	10	0	10	17
Immigration	2	2	0	2	1
DWP	3	3	0	3	230
Other	3	3	0	3	54
Total	**61**	**61**	**0**	**61**	**492**

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 2021. Matches are investigated by various LBH teams over the 2 year cycle, AAF investigates some matches and coordinates 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 NFI2020/21	Number Matches Cleared NFI2018/19
Payroll	69	2	20	82
Housing Benefit	1303	17	14	128
Housing Tenants	831	19	60	73
Right to Buy	28	0	0	10
Housing Waiting List	n/a	n/a	n/a	120
Concessionary travel / parking	987	9	161	187
Creditors	7125	0	8	sample
Pensions	220	219	1	208
Council Tax	n/a	n/a	n/a	9,628
Council Tax Reduction Scheme	n/a	n/a	n/a	185
Covid19 business grants	126	79	26	714
Other	n/a	n/a	n/a	15
Total	**10689**	**250**	**290**	**11,350**

Table 3

Hackney participation in the 2020/21 NFI was limited because of the timing of the cyber attack. Information that was in the process of being collated in October 2020 was not available for matching, hence the absence of some match categories from the table above. Match outcomes are being reviewed although alternative methodologies are being followed in some cases. The next NFI data run will take place shortly and results

will be received in January 2023. We anticipate that most datasets will be available to match.

Responsibility for investigating Housing Benefit matches passed to the DWP in 2014, since when Hackney has provided resources to assist with accessing benefit information from our records. Hackney has now agreed to provide DWP officers with direct access to our Housing Benefit records, this has reduced the financial and resource burden on the Council.

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	2022/23	2021/22
Disciplinary action	0	0	2
Resigned as a result of the investigation	1	1	2
Referred to Police or other external body	3	3	7
Prosecution	0	0	0
Referred to Legal Services	0	0	0
Investigation Report/ Management Letter issued	4	4	9
Council service or discount cancelled	34	34	37
Covid business grants cancelled	1	1	4
Blue Badges recovered	30	30	97
Other fraudulent parking permit recovered	5	5	4
Parking misuse warnings issued	31	31	23
Penalty Charge Notice (PCN) issued	49	49	108
Vehicle removed for parking fraud	27	27	82
Recovery of tenancy	27	27	34
Housing application cancelled or downgraded	1	1	5
Right to Buy application withdrawn or cancelled	7	7	3

Table 4

Prosecutions and dismissals

As a result of the investigations conducted by the Audit Investigation Team (AIT), one employee left while an investigation was still active concerning an allegation that they had been carrying out private work in Hackney time.

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 external benchmarking data to provide a realistic estimation of the cost of the irregularity:

5.1   Tenancy Fraud Team (TFT)

During the period April to September 2022 a total of 27 tenancies have been recovered by the TFT. Using the recognised measure for the estimated cost of each misused tenancy of £42,000 pa, this equates to a value of £1,134,000.

In the same period 1 housing application was 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 had 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 £4,000 and £8,000.

During this period seven Right to Buy (RTB) applications were cancelled following investigation. Each RTB represents a discount of £116,200 on the sale of a Council asset, so the value of this work is a saving of £813,400 to the public purse.

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 2022, 34 support packages were cancelled or refused following AAF investigations. This equates to a saving in the region of £13,158 per week, if these had been paid for the full financial year it would have cost Hackney approximately £686,095.

It is expected that more packages will be cancelled as a result of investigations carried out during this reporting period, once cases have been thoroughly evaluated.

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 30 Blue Badges or other parking permits, which equates to £3,000, and enforcement charges of £8,585 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.

5.4   Covid19 Business Grants

The investigations team has worked closely with the grant administration teams since March 2020 to assist with the grant verification process. This has identified multiple grant applications which were inaccurate, resulting in payment being withheld, and further cases where action is underway to recover payments that have already been made. One grant overpayment of £10,000 was resolved during this reporting period. There have been 2 cases reported to the police in this period where the cumulative overpayment total is £87,000.

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. No fraud 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. 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	Authorised in period	2022/23	2021/22
Production	3	3	4
Restraint	0	0	0
Compensation	0	0	0
Confiscation	0	0	0
Total	3	3	4

Table 5

It is likely that approximately £12,000 has been received in respect of POCA orders during the reporting period, but this has not yet been confirmed. The POCA incentivisation scheme splits the proceeds from orders between investigation, prosecution and judicial authorities, and the HM Treasury - so the amount reported here represents a part of the total benefit to the public purse arising from this work. It should be noted that funds awarded from successful POCA investigations can often be received some time after the investigation is reported.