
Audit & Anti-Fraud Progress Report

1 April 2023 - 31 December 2023

1. INTRODUCTION

- 1.1 The purpose of this report is to present the performance of the Audit & Anti-Fraud Service for the period 1 April 2023 to 31 December 2023. It covers the areas of work undertaken, progress with implementing audit recommendations and information on current developments in the service.
- 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 contributes toward meeting these requirements.

2. INTERNAL AUDIT RESOURCES AVAILABLE

- 2.1 The Internal Audit function is an in-house service supplemented by specialist IT skills from an external provider. Internal Audit also supports the Council's CIPFA trainee programme. Internal Audit relies upon the co-operation of directorates and service level management to enable us to undertake the planned reviews.
- 2.2 The Internal Audit Team is fully staffed, including two posts that are being covered by a Fixed Contract. We are focusing our resources on the areas that management has agreed can take place and will provide the necessary evidence to support the Corporate Head of Audit, Anti-Fraud & Risk Management's annual assurance statement.
- 2.3 The 2023/24 Audit Plan consisted of 65 audits (of which 12 are schools/children's centres), 6 audits have been postponed, cancelled or combined, and two have been added since the plan was agreed.

3. INTERNAL AUDIT KEY PERFORMANCE INDICATORS

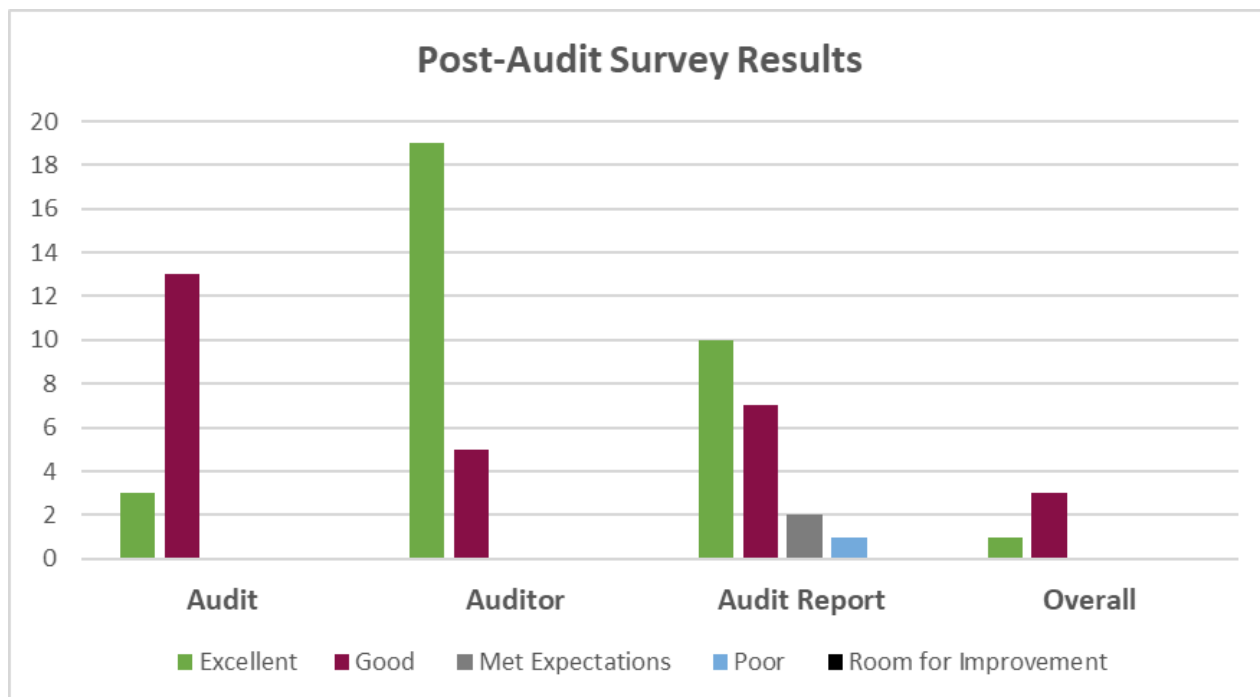
- 3.1 Internal Audit's performance for 2023/24 against key indicators is shown in Table 1. Post audit survey results are summarised in paragraph 3.3.

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) 31% complete or at draft report stage 2) 6 days
Quality <i>To ensure recommendations made by the service are agreed and implemented</i>	1) Percentage of high and medium recommendations made which are agreed 2) Percentage of agreed high and medium priority recommendations which are implemented**	1) 100% 2) 90%	1) 100% 2) High - 100% - fully implemented. Medium - 87% fully implemented (8% 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) 98% met expectations (95% exceeded expectations or excellent) 2) N/A 3) None

** See paragraph 6.2 for explanation

Table 1

- 3.2 As at 31 December 2023 a total of 36 internal audit reviews have been started from the 2023/24 Plan, 14 have been completed and a further six are at draft report stage. In addition 8 reviews carried forward from the 2022/23 annual plan were finalised.
- 3.3 Post-Audit Survey results from 1 April 2023 to 31 December 2023 continue to show that overall expectations of auditees are met or exceeded with 95% responding that expectations were exceeded, see bar chart below.



4. SUMMARY OF INTERNAL AUDIT WORK

- 4.1 Progress with 2023/24 planned audits is summarised in Table 2 below and detailed in Appendix 2.

2023/24 Audit Plan Stage of Audit Activity	Number of assignments	Percentage of revised plan
Scoping/TOR agreed	18	33
Fieldwork in progress	16	30
Draft report issued	6	11
Completed	14	26
Total work completed and in progress	54	90%
Original Plan	65	
Additional requests	2	
Cancelled or Postponed	7	
Total Revised Plan	62	

Table 2

- 4.2 The table shows 90% of the planned assignments have been completed, scoped/terms of reference agreed, or are work in progress.
- 4.3 Details of changes to the original audit plan are shown in Table 3 below. It is expected that there will be a degree of change to the audit plan that is agreed in April as the financial year

progresses and priorities and risks change. There are also some deferral requests that in themselves raise concerns about the local control environment, for example, where the reason relates to the absence of systems due to the cyber attack or other cause, the absence of key staff due to organisational change or repeated deferral requests. If the deferral request identifies such issues the review area will be highlighted as likely to result in limited or no assurance in the table below. It is acknowledged that there is a greater degree of subjectivity to this assessment than would be the case if it resulted following an Internal Audit review.

Cancelled reviews	Reason for Cancellation	Assurance concern identified?
Energy & Carbon Management - Hackney Schools	A re-evaluation by Internal Audit & the Auditee has identified that the risks to the process are not significant and therefore the audit is not required at this time.	N/A
Integrated Learning Disabilities Service, ILDS	A recent independent review carried out. Action plan of review has led to an ongoing 3 year Transformation programme. Transformation Board Action Plan to be shared with Internal Audit.	N/A
Postponed reviews	Reason for Deferral	
Leasehold major works debt recovery	System availability and resource constraints that are impacting on business functions and preventing audit review.	No assurance
Procurement of Homecare	This audit was previously deferred on two occasions but the Homecare contract has now been considered as part of a wider review of expiring contracts (which resulted in a reasonable assurance rating).	N/A
Elections	Recent announcements. Resources/ Capacity	N/A
ICT Governance	Delay to audit to avoid duplication with external assurance work	N/A
Freedom of Information	Delay to audit to avoid duplication with external assurance work	N/A
Additional reviews	Reason for Addition	
The Garden School	Hackney Education Request	N/A
Changing Places Fund Grant	Management Request. Grant Usage Validation & Certification	N/A

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 8 carried forward from the 2022/23 plan, the assurance levels are set out in Table 4.

Assurance Level	2023/24 YTD	2022/23	2021/22
No	0	0	1
Limited	2	0	0
Reasonable	12	7	8
Significant	14	17	5
Not Applicable	0	0	0

Total	28	24	14
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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 31 December 2023 are shown in Table 5.

Categorisation of Risk	Definition	Number 2023/24 Plan	Number 2022/23 Plan not previously reported
High	Major issues that we consider need to be brought to the attention of senior management.	3	3
Medium	Important issues which should be addressed by management in their areas of responsibility.	43	19
Total		46	22

Table 5

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 2018/19 to the current date are regularly followed up and reported.
- 5.2 The schools audit programme focuses on the existence of, and compliance with key financial controls and the adequacy of governance arrangements.

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 2020/21 that were due to be implemented by 31 December 2023 are presented in Table 6.

Directorate	Implemented/ No longer relevant	Partially Implemented	Not implemented /No response	Not Yet Due	Total*
AHI	1	0	0	0	1
Children & Education	0	0	0	0	0
Climate, Homes & Economy	12	0	0	0	12
Finance & Corporate Resources	1	0	0	0	1
ICT	0	0	0	1	0
Chief Executive's	0	0	0	0	0
Corporate	1	0	0	0	1
Total number	15	0	0	1	15

Percentage (%)*	100%	0%	0%	n/a	100%
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* Does not include "Not Yet Due"

Table 6

- 6.2 The Council's target for 2023/24 is 90% of 'High' priority recommendations should be implemented in accordance with agreed timescale. Audit followed up 15 'High' priority recommendations, the implementation rate currently stands at 100% fully implemented.
- 6.3 Of the 133 'Medium' priority recommendations followed up 87% 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	9	0	0	0	9
Children & Education	2	0	0	0	2
Climate, Homes & Economy	44	4	0	0	48
Finance & Corporate Resources	45	4	5	1	54
ICT	1	1	1	5	3
Chief Executive's	7	0	0	0	7
Corporate	8	2	0	3	10
Total number	116	11	6	9	133
Percentage (%)	87%	8%	5%	n/a	100%

* Does not include "Not Yet Due"

Table 7

- 6.4 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	2	1	0	1	3
Medium	74	8	16	6	98
Total Number	76	9	16	7	101
Percentage (%)	75%	9%	16%	n/a	100%

* Does not include "Not Yet Due"

Table 8

7. DEVELOPMENTS WITHIN INTERNAL AUDIT

- 7.1 The Audit & Anti Fraud Service has substantially recovered from the cyber attack, albeit that it continues to impact our ability to undertake a small number of audits.

- 7.2 The delivery of the planned ICT audits is now progressing after significant interruption due to the necessary response to the cyber attack in October 2020. One audit from the 2022/23 plan has been completed, audit fieldwork is progressing on other reviews and terms of reference are in place.
- 7.3 Internal Audit activity must be carried out in accordance with the Public Sector Internal Audit Standards (PSIAS), it is a requirement that an independent External Quality Assessment (EQA) should take place at least every 5 years. The most recent review was completed in November 2023 and concluded that the service 'generally conforms' with the PSIAS standards. This is the second highest of four possible outcomes (the highest rating of 'fully conforms' is acknowledged to be a difficult benchmark to achieve because of the high number of assessment criteria and the degree of subjectivity involved in the review process). The report will be shared with Committee members imminently, the findings have not changed substantially from the summary that was provided to the October Audit Committee meeting

8. ANTI FRAUD SERVICE

- 8.1 Investigation activity has been fully resumed following the disruption caused by the pandemic, although impacts continue to be felt from backlogs that have built up in the criminal justice system.
- 8.2 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 A greater level of audit resource than usual continues to be focussed on reviews that have been deferred from previous years due to the cyber attack and the pandemic, and those that will provide evidence to support the Corporate Head of Audit, Anti-Fraud & Risk Management's annual assurance statement.

Internal Audit Annual Plan Progress to 31 December 2023 (including 2022/23 audits completed in the current year)					
Code	Description	High Priority	Medium Priority	Audit Assurance	Status
2022/23 Audits					
Corporate / Cross Cutting					
2232LBH01	AGS Co-ordination 2023/24	N/A	N/A	Reasonable	Final Report
ADULTS, HEALTH & INTEGRATION					
2223AHI04	Safeguarding Adults	0	4	Reasonable	Final Report
CHILDREN & EDUCATION					
Children & Families					
2223CE01	LAC Incidentals	0	0	Significant	Final Report
2223CE03	No Recourse to Public Funds	0	2	Significant	Final Report
FINANCE & CORPORATE RESOURCES					
Financial Management					
2223FCR05	Pensions	0	3	Significant	Final Report
Revenues & Benefits					
2223FCR10	NNDR/Business Rates	0	2	Significant	Final Report
ICT					
22233ICT04	Homeworking Support	0	3	Reasonable	Final Report
CLIMATE, HOMES & ECONOMY					
Housing					
2223CHE01	Cranston TMO	3	5	Limited	Final Report

Code	Description	High Priority Recs	Medium Priority Recs	Audit Assurance	Status
2023/24 Audits					
Corporate / Cross Cutting					
2324LBH01	AGS Co-ordination 2024/25				Q4
2324LBH02	Climate Change/Zero Tolerance				WiP
2324LBH03	Organisational Culture				Q4/Draft ToR issued
2324LBH04	Equal Pay	0	1	Significant	Draft Report
2324LBH05	Gifts & Hospitality	1	1	Reasonable	Final Report
2324LBH06	Public Interest Reports (PIRs) Lessons Learnt				Q4/Scoping
Chief Executive's					
2324CEX01	Recent Election Act				Deferred
2324CEX02	Internal Communications - Google Contacts	0	4	Reasonable	Draft Report
2324CEX03	Matrix ICT Contract (Digital Market Place)				Q4/ToR issued
Adults, Health & Integration					
Adult Services/Public Health					
2324AHI01	Integrated Learning Disabilities Service (ILDS)				Cancelled
2324AHI02	Procurement of Homecare				Deferred
2324AHI03	Public Health Commissioned Services - Substance Misuse				Q4/ToR Scoping
2324AHI04	Direct Payments Financial Assessment Process				Q4/ToR Scoping
2324AHI05	Residential Care				Q4/ToR issued
2324AHI06	Mortuary				Q4
2324AHI07	Supporting Families Programme Grant	0	0	Reasonable	Quarterly/Final Report
2324AHI08	DLUHC Changing Places Fund Grant	0	0	Reasonable	Quarterly/Final Report

Children & Education					
Children & Families					
23243CE01	Development of Children & Family Hubs (Advisory)				WiP/Ongoing
2324CE02	Joint Agency Funding - Children with Complex Needs				Q4/Scoping
2324CE03	Foster Care Payments				Q4/ToR issued
2324CE04	CFS Residential Placements - LAC	0	1	Significant	Draft Report issued
Education & Schools					
2324CE05	Schools Overview Report 2019/20 - 2022/23	0	0	Significant	Final Report
2324CE06	Cost of Children in Alternative Provision				WiP
2324CE07	Falling School Roll Numbers				WiP
2324CE08	Traded Services	0	4	Reasonable	Draft Report
2324CE09	Unregistered Settings				Q4
Schools					
Primary Schools & Children's Centres					
2324SCH01	Colvestone Primary	0	3	Significant	Final Report
2324SCH02	New Wave Federation	0	3	Significant	Final Report
2324SCH03	Viridis Federation				WiP
2324SCH04	Jubilee Primary & Fernbank Nursery School	0	2	Reasonable	Final Report
2324SCH05	Shoreditch Primary School (Formerly Whitmore Primary)				Q4/ToR issued
2324SCH06	Baden Powell Primary School				WiP
2324SCH07	Simon Marks Primary School	0	3	Significant	Final Report
2324SCH08	Benthal Primary School	0	2	Significant	Final Report
2324SCH09	St.Pauls with St. Michaels Primary				Q4/ToR issued

	School				
Secondary Schools					
2324SCH10	Cardinal Pole Secondary	1	8	Limited	Final Report
2324SCH11	The Urswick Secondary				WiP
2324SCH12	Clapton Girls Academy - Scrutiny	0	1	Significant	Final Report
2324SCH13	The Garden School				Q4/ToR issued
FINANCE & CORPORATE RESOURCES					
Financial Management					
2324FCR01	Risk Management				WiP
2324FCR02	Main Accounting System				WiP
23243FCR03	Accounts Payable				WiP
2324FCR04	Pensions				Q4/ToR issued
2324FCR05	VAT Compliance on Income				WiP
2324FCR06	Service Payroll				Q4/Scoping
2324FCR07	Fleet Management	1	1	Reasonable	Final Report
Procurement					
2324FCR09	Reprocurement of Expiring Contracts	0	4	Reasonable	Final Report
2324FCR10	Energy & Carbon Management in Hackney Schools				Cancelled
Revenues & Benefits					
2324FCR11	Money Hub	0	3	Reasonable	Draft Report
Strategic Property					
2324FCR12	Commercial Property Income				WiP
ICT					
2324ICT01	3 year ANA				n/a
2324ICT02	ICT Governance				Deferred
2324ICT03	ICT Asset Management				WiP

2324ICT04	Key IT Systems & their Functionalty Post Cyber Attack				Q4
2324ICT05	Cloud Platform				WIP
2324ICT06	FOI				Deferred
2324ICT07	Follow-up of Recommendations				Q4
2324ICT08	Assurance on New Systems, Repairs, Asset Management & Community Safety				Q4/Scoping
Climate, Homes & Economy					
Housing					
2324CHE01	Rent Arrears - Incl. Effect of UC on Tenant Arrears				Q4/Scoping
2324CHE02	Complaints Handling - Housing				Q4/ToR issued
2324CHE03	Right to Buy Scheme				Q4/Scoping
2324CHE04	Leasehold Major Works- Debt Recovery				Deferred
2324CHE05	Wenlock Barn TMO				WiP
2324CHE06	Downs TMO	0	1	Significant	Draft Report
Public Realm					
2324CHE07	Use of Infrastructure Levy/Section 106				Q4/ToR issued
2324CHE08	Planning Enforcement				Q4/ToR issued
Regeneration					
2324CHE10	Business Grants Review - Additional Restrictions Grant (ARG)	0	1	Significant	Final Report

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).

* The overall assurance provided on reviews of Hackney Schools and Tenant Management Organisations (TMOs) differs slightly to the above (Appendix 3). To conclude an overall significant assurance rating requires three or less medium-rated issues, this is due to the wide coverage of risk and control areas during School & TMO reviews.

Anti-Fraud Service:

Statistical Information 1 October 2023 to 31 December 2023

1. Investigations Referred

The Anti-Fraud service has received 447 referrals during the 2023/24 year to date, which is broadly comparable with the rate of referrals during the previous 12 month period.

Group	Department	Number of Cases Referred in Period	Number of Cases Closed in Period	Cases Currently Under Investigation	Referrals 2023/24 YTD	Referrals 2022/23
Climate, Homes & Economy (CHE)	Climate, Homes & Economy	4	6	8	10	23
	Tenancy Fraud	86	61	425	205	278
	Parking	72	43	69	115	142
Children's & Education	Children's	1	1	0	3	5
	No Recourse to Public Funds (NRPF)	31	24	36	98	64
	Hackney Education	0	0	5	3	2
Adults, Health & Integration	Adults, Health & Integration	2	2	3	5	4
Finance & Corporate Resources (F&CR)	Finance & Resources	1	2	7	5	5
	Covid19 Business Grants	0	0	0	0	2
Chief Executive's Directorate	Chief Executive's Directorate	1	1	1	3	2
Total		198	140	554	447	527

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. AAF no longer provides a dedicated service to DWP to support their investigations, but an alternative mechanism has been made available to DWP which does not have a resource cost for Hackney.

Source	Number of Cases Referred in period	Number of Cases Closed in period	Cases Currently Under Investigation	Referrals 2023/24 YTD	Referrals 2022/23
Internal	0	0	0	16	19
Other Local Authority / Housing Association	23	23	0	84	65
HMRC	6	6	0	20	6
Police	5	5	0	27	21
Immigration	4	4	0	12	2
DWP	4	4	0	13	4
Other	4	4	0	11	5
Total	46	46	0	183	122

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 2023 (with the Council Tax matches being received a little later). 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 NFI2022/23	Number Matches Cleared NFI2020/21
Payroll	68	15	22	22
Housing Benefit	1008	0	833	32
Housing Tenants	2,969	80	609	79
Right to Buy	506	0	65	0
Housing Waiting List	n/a	n/a	n/a	n/a
Concessionary travel / parking	825	3	704	292
Creditors	7,180	3	6,784	8
Pensions	268	32	135	220
Council Tax (SPD)	25,852	1,483	2,512	n/a
Council Tax Reduction Scheme	n/a	n/a	n/a	n/a
Covid19 business grants	n/a	n/a	n/a	105
Other	26	3	18	n/a
Total	38,702	1,619	11,682	758

Table 3

Hackney has been able to participate more fully in the 2022/23 NFI matching than was possible in 2020/21 following recovery from the cyber attack in October 2020, although a lower level of disruption has persisted (hence the absence of some match categories from the table above).

Responsibility for investigating Housing Benefit matches passed to the DWP in 2014, Hackney has enabled DWP officers to directly access 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	2023/24 YTD	2022/23
Disciplinary action	2	2	1
Resigned as a result of the investigation	0	3	2
Referred to Police or other external body	2	3	3
Prosecution	3	8	3
Referred to Legal Services	0	9	8
Investigation Report/ Management Letter issued	7	7	7
Council service or discount cancelled	7	40	75
Covid business grants cancelled	0	1	3
Blue Badges recovered	41	61	66
Other fraudulent parking permit recovered	1	4	18
Parking misuse warnings issued	26	39	61
Penalty Charge Notice (PCN) issued	18	37	91
Vehicle removed for parking fraud	16	29	56
Recovery of tenancy	9	29	49
Housing application cancelled or downgraded	0	0	2
Right to Buy application withdrawn or cancelled	3	4	11

Table 4

The 3 prosecution outcomes listed above all relate to parking investigations. Two cases involved the misuse of a Blue Badge and one case involved the use of a fraudulent resident permit.

The investigations which led to the 2 disciplinary cases concerned one case of misuse of a parking permit and one case involving irregularities in time recording.

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 October 2023 to December 2023 a total of 9 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 £378,000.

During this period three Right to Buy (RTB) applications were cancelled following investigation. Each RTB represents a discount of £127,900 on the sale of a Council asset, so the value of this work is a saving of £383,700 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 October to December 2023, 7 support packages were cancelled or refused following AAF investigations. This equates to a saving in the region of £2,709 per week, if these had been paid for the full financial year it would have cost Hackney approximately £141,255

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 41 Blue Badges or other parking permits, which equates to £4,200, and enforcement charges of £4,370 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. There were no grant overpayments resolved during this reporting period.

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. One fraud referral was 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	2023/24 YTD	2022/23
Production	8	14	3
Restraint	0	0	0
Compensation	0	0	0
Confiscation	0	1	0
Total	8	15	3

Table 5

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.

9. Proactive counter-fraud plan for 2023/24

The content of the 2023/24 proactive counter fraud plan was reported in April, since when the following reviews have been started:

- Allocation of specific parking permits - terms of reference has been prepared;
- Entitlements to specific new grant programmes - work in progress
- Compliance with leave arrangements - work in progress

Delivery of the proactive counter-fraud plan is determined in part by the number and complexity of reactive investigations that are received.