

Appendix A

	Date of Report	Case Description	Work Undertaken / Findings
1	May 2016	<p>Third Sector Grant Matter</p> <p>Commissioners requested funding be agreed subject to a satisfactory audit being carried out on a particular third sector organisation to provide assurance to the Authority and Commissioners that their funding was being properly utilised.</p>	<p>In order to evidence this, the review sought to provide assurance that the expenditure committed by the organisation was in keeping with the offer and agreed financial award.</p> <ul style="list-style-type: none"> • Our examination included a site visit and examination of paperwork. We found that the paperwork supplied by the organisation did not sufficiently satisfy the requirements. Council officers claimed that they had seen further paperwork that had not been copied. • However prime documentation from the organisation supported that the payments made had been used for the intended purpose.

Results/Outcome

The award was agreed however, we recommended in the report issued that Mainstream Grant officers ensure an adequate audit trail of paperwork is retained which can be independently verified.

	Date of Report	Case Description	Work Undertaken / Findings
2	May 2016	<p>Third Sector Grant Matter</p> <p>The Service Head Community Services, commissioned an examination into Third Sector Organisations that were either commissioned by or funded by the Youth Service from award of grant or direct payments.</p>	<p>The review highlighted a number of corporate governance issues that required addressing in order that the Councils control environment around supplier adoption, parent companies and trusts have greater scrutiny through the monitoring process both by the Procurement team and grants officers.</p>

Results/Outcome

A briefing paper was issued recommending senior management take action to enhance monitoring arrangements over the grants process.

	Date of Report	Case Description	Work Undertaken / Findings
3	April 2017	Concerns were raised internally regarding the provision of family intervention services by a specific company (the company) and how the activity was procured.	<p>A detailed investigation was undertaken. The following was found:</p> <ul style="list-style-type: none"> • Payments of £326,188.26 were made to the company over a 3 year period without any appropriate authority or mandate to do so • The company had been set up by a member of staff and a manager who viewed it as a 'sister company' and they considered it to be a social enterprise. • No procurement process was followed to award a contract and no contract was in place between LBTH and the company • No Record of Corporate Directors Approval (RCDA) was approved and no noting report taken to Cabinet. • There were no records of any formal decision made by LBTH to set up a Social Enterprise. • Poor communication between key departments was a significant contributor to this situation. • Lack of a clear, auditable document trail with regards to the RCDA application • There had been a clear breach of Financial Regulations, either by ignorance or design.

Results/Outcome

The investigation identified that the payments were potentially 'ultra vires' as they were made without appropriate authority or mandate given the following factors:

A series of recommendations were issued and agreed by management to resolve the current situation and improve the control environment

A disciplinary investigation is underway to establish any staff responsibility.

	Date of Report	Case Description	Work Undertaken / Findings
4	July 2016	Allegations by an external Whistleblower that payments were being made to a 'charity' (the entity) that no longer exists. The payments were related to Adult Social Care provision.	<p>A detailed investigation was undertaken. The following was found:</p> <ul style="list-style-type: none"> • The entity is not a registered charity. Neither was it a Limited Company registered with Companies House. It was originally established as a charity in 1990 but de-registered in 2000. However that did not mean that it could not legally trade or employ staff. The contract that Tower Hamlets has with the entity, originally set up in 1995, does not make it a requirement for it to be either and as such the entity cannot be in breach of contract by virtue of not being a charity. • The invoices provided by the entity still carried a charity registration number. This was reported to the Charity Commission to investigate. Notwithstanding this, had LBTH known that the entity was no longer a charity it is unlikely to have made any material difference to the care arrangements for the entities sole client, a severely disabled woman. • The contract between the entity and LBTH, sets out clearly the framework for payment and this has been adhered to during the life of the contract. There was only one area where potentially LBTH may have been minimally overcharged. It was recommended that Adult Services explore the possibility of recovering these funds. • Adult Services have carried out a review of the care arrangements of the entities sole client, a severely disabled woman, and are satisfied that the client receives adequate care. • Some evidence of poor financial management was established within the entity with taxation issues raised also. The nature of the contract gives LBTH no power to intervene in these matters. With limited power to investigate further we cannot determine whether the finances of the entity have been managed effectively or not. We have referred the tax matters to HMRC for further investigation. • There is no evidence of any fraud to which LBTH has been the victim. The client has received adequate care.

			<ul style="list-style-type: none">• Adult Services have reviewed all other payments made in respect of care plans and they have found no other arrangements, across the borough, set up on the same basis as this entity.
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Results/Outcome

A number of recommendations were made to resolve the current state of affairs and improve the control environment.

Adult Services terminated the legacy contract and put in place a Direct Payment to regularise the provision of care to the client and provide adequate monitoring arrangements.

Reports were made to HMRC and the Charity Commission for them to further explore the other matters.

All other care plans were checked to ensure that no other 'legacy' contracts exist.

	Date of Report	Case Description	Work Undertaken / Findings
5.	Dec 2016	Successful prosecution of a fraudulent social housing tenant who was also a public servant.*	<p>Following a referral from Newlon Housing Trust concerning a suspected was sub-letting and potentially doubts that this was not the tenant's main or principal home.</p> <p>In accordance with powers permitted by the Prevention of Social Housing Fraud Act 2013, we investigated the following areas-</p> <ul style="list-style-type: none"> - Verification of ownership of properties through Land Registry documents - Investigated his bank statements to identify his employer - Checked which address they had on file for him. It was the property he owned not the one he was a tenant for. - Concluded his housing application was fraudulent. - His misrepresentation put him in a band that he was not entitled to – he would not have received a property if he had been honest. <p>We established that he worked for another London Local Authority in the Housing service.</p> <p>We reviewed in detail his original circumstances upon which he sought to obtain Council Housing having made the application based on overcrowding. The Council sent him a housing review to ensure his circumstances had not changed.</p> <p>When asked if he had a legal interest in a property, he answered: Not Applicable. However since his original application for housing he had acquired beneficial interests in property which he kept concealed from the Council during his currency on the Housing Waiting List.</p> <p>Having gathered our evidence we worked jointly with Legal Services to establish the appropriate grounds to consider a prosecution.</p> <p>It was considered that he had committed a fraud against the Common Housing Register in that -</p> <ul style="list-style-type: none"> • He didn't tell the council about the legal interests he held in property.

			<ul style="list-style-type: none"> • He jointly owned two properties by the time he was given a council flat. <p>He was charged for failure to disclose his ownership of the property in Ilford, under the Fraud Act. Given the aggravating features of the offences the Council elected that the case be dealt with at the Crown Court. The case was sent up to the Crown Court where the tenant was arraigned. He pleaded not guilty to the charge. Following a number of hearings at Snaresbrook Crown Court he eventually changed his plea to guilty.</p>

Results/Outcome

- On 13 February 2017, following legal arguments on the issue of the actual loss to the Council, and on hearing expert evidence from the author of "Protecting the Public Purse 2011", it was established that the figure of £18,000 as an annual cost to local authorities to house homeless families was a broad national average. The expert opined that in 2011, the rental for a 1 bedroom flat was £228 per week, and in 2016, the average rental for the same property was £287 per week.
- Also, on hearing evidence from the Council's Procurement Manager the learned Judge stated that he was satisfied that due to the tenants fraud a homeless family had to be housed by the Local Authority.
- The Judge stated that he had worked out the average rental at £260 per week over four years, the loss to the Council was £64,080.00.
- The tenant was sentenced to 16 months imprisonment. It was ordered that he serves 8 months in prison and be placed on licence for the remaining 8 months.
- On 17 March 2017, the tenant appealed against sentence to the Court of Appeal. Permission to appeal was granted on 11 April 2017.
- On 27 April 2017, the Court of Appeal, Criminal Division, considered the appeal and it was denied.
- In addition to the above he also left his employment at the other council with an unsatisfactory reference should one be requested from a future employer.
- This case was the subject of a recent BBC piece to be aired in the autumn.

	Date of Report	Case Description	Work Undertaken / Findings
6.	Dec 2016	<p>Allegations of impropriety concerning Parking Services involving failure to maintain agreed working hours, purchases of equipment that may have been unnecessary, recruitment of resources that may have been historical links with management, inappropriate use of a Public Service permits and unnecessary use of consultants who hand links to management when opportunities were available for staff to be promoted to vacant posts.</p>	<p>A detailed investigation was undertaken. The following was found:</p> <ul style="list-style-type: none"> • The issue around transparency of hours worked and communication to the wider team were management issues and required addressing by the new Service Head. • .The acquisition of technology for the use of a senior officer fell within the remit of the new Service Head and therefore was referred as part of the reporting of this matter. • The recruitment of staff are governed by the councils HR procedures and while we found no evidence of abuse in the recruitment process itself for the posts filled, we did recommend that the Recruitment Standard and Guidance be revised to specifically require recruiting managers to disclose formally if any of the candidates are known to them in any context, including previous roles. • The allegation around the abuse of Public Service Parking Permits was considered and it was recommended that a full review be undertaken of all permits currently issued within the service to ensure appropriateness and compliance with the scheme of eligibility. • All permits needed to be properly controlled and monitored and allocated permits should be registration specific where appropriate. • A review of the arrangements in place for the management of agency and consultants was at draft stage at the time of our enquiries and much of what had been proposed picked up our concerns about these matters. • The arrangements for the recruitment of temporary staff and links to Council staff and assets was reviewed and found to be unsatisfactory. • The two staff involved in this matter left the Councils employ and in the case of the permanent staff member a disciplinary case was undertaken and the officer was dismissed formerly despite her resigning her post.

Results/Outcome

A number of recommendations were made to resolve the issues raised by this examination all which were accepted by management.

	Date of Report	Case Description	Work Undertaken / Findings
7.	Apr 2016	Successful prosecution of an organised Benefit fraud involving DWP, LB Redbridge and LBTH. *	<p>We worked closely with the DWP Organised Fraud unit and London borough of Redbridge on an extensive fraud involving false pay details associated with EEA workers. The total value of the fraud was £1.6 million including £600k for LBTH, £578k for LB Redbridge and £420k in Tax Credits.</p> <p>For Tower Hamlets this meant 56 claimants for both Housing and Council Tax Benefit and the investigation identified three 'ringleaders' who were prosecuted at Snaresbrook Crown Court and sentenced in April 2016.</p> <p>We are continuing to work closely with the DWP Organised Fraud unit on other potentially concerning employers who may have falsified income records in the same way.</p>

Results/Outcome

Sentencing:

The three accused were imprisoned for 5.5 years 3.3 years and 3 years respectively.

The resultant enquiries have been widely publicised and covered in a Case study by CIPFA in their Protecting the Public Purse.

	Date of Report	Case Description	Work Undertaken / Findings
8.	Dec 2016	Successful prosecution of a fraudulent social housing tenant who was also a public servant.	<p>Following an investigation into the misuse of a Blue Badge which resulted in a successful prosecution, by a then current employee of the Council, enquiries led to the investigation of an apparent sub-letting matter of the social housing property that she had with THH.</p> <p>Our enquiries showed that the property had been bought under the Right to Buy, but our investigation identified that the Leaseholder had never left any financial footprint at the address apart from a Gas record even when a tenant and that up to three other people had been registered there for credit purposes and on the electoral register.</p> <p>Bank records showed that monies were regularly being paid into her account and we concluded that there was sufficient evidence to seek Legal Services input into the potential for a prosecution case.</p> <p>The Legal Service concurred and a case was brought against her.</p> <p>The basis of our case was that the tenancy conditions had been fundamentally broken and that any subsequent sale was void.</p>

Results/Outcome

The officer resigned ahead of the disciplinary case created by the successful prosecution for Blue Badge Fraud. The property issue was resolved also when the case was heard at Thames Magistrates Court on 23 June 2016. The former officer entered a plea of guilty. Prosecution facts were read and a plea in mitigation was conducted.

The defendant was sentenced in the following manner:

Work Order: 60 hours of unpaid work

Costs: £2,400

Compensation £8,000

Victim Surcharge: £ 60

TOTAL: £10,460

The issue of property recovery and settlement is currently being finalised.

	Date of Report	Case Description	Work Undertaken / Findings
9.	Oct 2016	Successful prosecution of a fraudulent social housing tenant who was also an elected official*	<p>Following an internal referral into the circumstances of a claim for a Single Person Discount award which appeared to be inappropriate an investigation was undertaken to establish the true circumstances of the occupation of the unit and associated activities.</p> <p>In accordance with powers permitted by the Prevention of Social Housing Fraud Act 2013, we investigated the following areas-</p> <ul style="list-style-type: none"> - Verification of ownership of properties through Land Registry documents - Intelligence from credit agencies to confirm where he was living. It was the house he owned. - Investigated electoral nomination forms to confirm where he was living. It listed the house he owned. <p>Findings-</p> <ul style="list-style-type: none"> • He didn't tell the council about the legal interests he held in residential properties. (At paragraph 9 of the form headed 'Ownership of property' which read 'do you, or anyone listed on this form, own or have a legal interest in a residential property in the UK?' The tenant responded by ticking the 'no' box.) • He owned three properties by the time he was given a council flat. • He lied about his address on his housing application. The address given was owned by a relative and let out to other people. • The tenant gave as his reasons for applying 'overcrowded because he was sleeping in the living room. He stated that he needed a flat with adequate space for himself. In fact he was married and living at the martial home at the time. <p>Having consulted Statutory Officers it was agreed that -</p>

			<p>His housing application was fraudulent.</p> <ul style="list-style-type: none"> • His misrepresentation put him in a band that he was not entitled to – he would not have received a property if he had been honest. <p>It was agreed that the matter would be submitted to Legal Services for consideration to prosecute. Proceedings were commenced and he was summoned to appear before the Thames Magistrates' Court on 9 December 2015, to answer to a charge under the Fraud Act for dishonestly failing to disclose to the Council his ownership of the properties. He pleaded not guilty to the charges.</p> <p>The tenant returned the unit back to the Council in February 2016.</p>

Results/Outcome

Sentencing:

- After several appearances at Snaresbrook Crown Court, the tenant changed his plea to guilty
- On 27 October 2016, he was sentenced to 22 weeks imprisonment. It was ordered that he served half that time in prison and upon his release he was placed on licence for 12 months.
- This case was publicised in the media.

	Date of Report	Case Description	Work Undertaken / Findings
10	July 2016	Housing Benefit Legacy Case- Successful prosecution of a fraudulent Housing Benefit claimant.*	<p>This case related to an undeclared capital and asset matters. Following investigation and an interview Under caution, the case was referred to our Legal Service for consideration to prosecute under the prevailing Social Security legislation.</p> <p>The case was lengthy and protracted but ultimately was prosecuted successfully.</p> <p>A unanimous jury found the claimant guilty of five breaches to Section 111(1A) of the Social Security and Administration Act 1992 at Snaresbrook Crown Court on 22 July 2016.</p> <p>John Biggs, Mayor of Tower Hamlets, said: “We are committed to defending the public purse and ensuring that benefits go to those who legitimately need welfare support. “I am pleased that we identified and brought to justice this serious case of fraud.”</p>

Results/Outcome

Sentencing:

The claimant was sentenced to 40 weeks imprisonment on each of the five offences, to run concurrently (8 months) and was ordered to pay the council's costs of £19,327.00. The judge ordered him to make the payment in full within 30 weeks.