

<b>Committee(s)</b>	<b>Dated:</b>
Audit and Risk Management Committee	19 November 2019
<b>Subject:</b> Anti-Fraud & Investigations – 2019/20 Update Report	<b>Public</b>
<b>Report of:</b> Head of Audit & Risk Management	<b>For Information</b>
<b>Report author:</b> Chris Keesing – Corporate Anti-Fraud Manager	

### **Summary**

This report provides Members with an update on the activity of the Anti-Fraud and Investigation team between 01 April 2019 and 30 September 2019.

In total 23 investigations, across all disciplines, have been completed between 01 April 2019 and 30 September 2019, with an associated value of £214,852.

Eight successful tenancy fraud outcomes have been secured during the first half of this reporting year, comprising of seven cases where property has been recovered and one where a fraudulent application was terminated. Five cases are with the Comptroller and City Solicitor for further action, for criminal or civil recovery action.

Our support for the housing divisions' tenancy audit programme has resulted in the receipt of 125 referrals in total, with two resulting in tenancies being recovered. 25 referrals are still subject to investigation.

A total of seven corporate fraud and/or conduct investigations have been concluded during the first half of 2019/20 with an associated value of £69,825. Three whistleblowing referrals have also been concluded during the same period.

In September 2019, The Anti-Fraud Team introduced a new, interactive Fraud Awareness eLearning training course, replacing the course that was endorsed by Members of this Committee in June 2013. The new Fraud Awareness eLearning course works across multiple platforms and will be reviewed every three years.

Positive feedback from delegates has been received with all advising that now they have completed the training they have a better understanding of fraud and corruption, feel confident reporting a fraud or concern and know what to do if they suspect fraud or corruption.

### **Recommendation(s)**

- Members are asked to note the report.

### **Main Report**

#### **Background**

1. This report provides Members with an update on the activity of the Anti-Fraud and Investigation team between 01 April 2019 and 30 September 2019. It also provides Members with an update against our key anti-fraud initiatives.

## Investigation Activity Summary

2. An analysis of the number of cases investigated during the first half of the 2019/20 reporting year (01/04/2019 – 30/09/2019) can be found at **Appendix 1**, showing all fraud types along with the value of frauds detected. The associated value of identified fraud from the 23 completed investigations during the first half of the 2019/20 reporting year amounts to £214,852.

## Social Housing Tenancy Fraud

3. Social housing tenancy fraud remains a key fraud risk area for the City. The team provides full investigative support across all aspects of housing, from initial applications, to the investigation of tenancy breaches and right to buy screening. Between 01 April 2019 and 30 September 2019, eight successful outcomes have been secured, comprising of seven cases where recovery of the property was secured and one case where a housing application fraud was identified.
4. In addition, we currently have two cases with the Comptroller and City Solicitor for criminal prosecution action and three cases for civil recovery action.
5. A summary of our work in this area, during the first half of the 2019/20 reporting year can be found at **Appendix 2**.
6. Where illegal occupation of City housing stock is identified and recovered, the tenancies have now been re-let to those in greater need of affordable housing.
7. The volume of Right to Buy (RTB) applications referred to the team for screening has remained consistent with 2018/19 levels, with the team screening 16 RTB applications; none of these applications were found to be fraudulent.
8. Case studies concerning recent successful cases are available to Members upon request.

## Tenancy Audit

9. We have recently commenced work to review the final tranche of Tenancy Audit referrals from the final estate inspections undertaken by the Housing Division. In total, across all the City's tenanted social housing property, 125 referrals were received by the team where there was a fraud concern. A summary of our work to date in this area can be found below:

Tenancy Audit referrals received	<b>125</b>
Tenancy Audit referrals closed – no fraud	98
Fraud identified and property recovered	2
Fraud identified and case with C&CS for consideration of further action	0
Cases still under investigation	25
	<b>Total</b>
	<b>125</b>
<b>Associated value where property recovered (£)</b>	<b>36,000</b>

## Corporate Anti-Fraud & Investigation Activity

10. A total of seven Corporate investigations have been concluded between 01/04/2019 and 30/09/2019, with an associated value of £69,825; this included a collaboration between the Anti-Fraud Team and the Accounts Payable Team to investigate two payments totalling £65,008 paid in error and not returned to the City of London. A case study concerning this investigation is available to Members upon request.

## Whistleblowing

11. The City's Whistleblowing Policy identifies the Head of Audit & Risk Management as one of the main contacts for reporting a concern and Internal Audit is responsible for maintaining a confidential and secure register of all concerns raised through the Whistleblowing Policy.

12. The number of referrals received via whistleblowing channels is relatively low; however, when referrals are received, they are generally of high significance leading to further investigation.

13. During the period 01/04/2019 to 30/09/2019, three whistleblowing referrals (as defined in the policy) have been received; two of these have been reviewed and closed, along with one other case from the 2019/20 reporting year. One case remains subject to investigation by the team.

14. The table below provides an overview of the allegation and outcome of the investigation:

	<b>Allegation</b>	<b>Outcome</b>
1	Corruption, Favouritism, Breach of Policy and Procedures, Misleading Members	Case fully investigated and no evidence could be found to support any of the allegations raised. Response sent setting out investigation findings.
2	Malicious behaviour by management.	Case reviewed with HR who explained that a gross misconduct investigation was proven and that the outcome was communicated to the employee.
3	Misuse of Corporate Resources	Matter passed to City Police colleagues for further investigation.

## Fraud Awareness eLearning

15. Members of this Committee endorsed the introduction of a mandatory Fraud Awareness eLearning training course in September 2013, this ensured that all staff working for the City of London had an understanding of fraud risks and would know what to do if they identified fraud and how to report it.

16. The Anti-Fraud Team have been working in collaboration with the Learning and Organisational Development Team within Corporate HR and a new, interactive Fraud Awareness eLearning training course has been released which works across multiple platforms replacing the module released in 2013.

17. In total, 3221 members of staff completed the original Fraud Awareness eLearning course between June 2013 and September 2019. The new Fraud

Awareness eLearning course was launched in September 2019 and has, at the point of writing this report, been completed by 737 members of staff.

18. The new Fraud Awareness eLearning course will be reviewed every three years.
19. The response to the new new Fraud Awareness eLearning course has been positive with 92% of delegates responding that the learning has made them think more about fraud and corruption in their area, and all respondents replying that now they have completed the training they feel confident reporting a fraud or concern, know what to do if they suspected fraud or corruption and have a better understanding of fraud and corruption.
20. The responses also show that prior to completing the learning, some staff were still not aware of the Corporate Anti-Fraud & Corruption Strategy, the Whistleblowing Policy, or how to report a fraud. There is further work to be undertaken in this area to raise awareness amongst staff and we will be taking this forward over the coming months.

## **Conclusion**

21. The team continue to provide a professional and robust anti-fraud and investigation service across the organisation. 23 investigations across all disciplines have been completed during the first half of the 2019/20 reporting year, with an associated value of £214,852.
22. Tenancy fraud continues to be high risk with eight successful outcomes secured and a further five cases with the Comptroller and City Solicitor for criminal and/or civil action. The team has also received an addition 125 referrals received from the tenancy audit team, reviewing 100 of these to date and recovering two additional tenancies.
23. Our work on corporate investigations has seen the team complete seven investigations with a value of £69,825.
24. The Anti-Fraud Team, in collaboration with the Learning and Organisational Development Team within Corporate HR introduced a new, interactive Fraud Awareness eLearning training course in September 2019; the new course works across multiple platforms and replaces the module released in 2013.

## **Appendices**

- **Appendix 1: Analysis of the number of cases investigated between 1 April 2019 and 30 September 2019 vs. 2017/18**
- **Appendix 2: Housing Tenancy Fraud Caseload Analysis 1 April 2019 to 30 September 2019.**

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