

Committee(s)	Dated:
Audit & Risk Management Committee	13 May 2024
Subject: Anti-Fraud & Investigations – 2023/24 Annual Report	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending	N/A
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: the Chamberlain	For Information
Report author: Chris Keesing, Counter Fraud & Investigations Manager	

Summary

In total 56 investigations, across all disciplines were completed during the 2023/24 reporting year with an associated value of £977,174. The majority of this relates to notional or preventative savings.

The Counter Fraud & Investigations Manager has had a strong focus on the use of ‘big data’ through utilising the NFI London Fraud Hub and has led the way for London Authorities in tackling new and emerging fraud risks. The team has also successfully focused on fraud prevention with the Transactional Finance team with the aim of designing out the risks of fraud.

Our 2024/25 proactive counter fraud plan is designed to provide a strategic path to protecting the City’s assets from the risks of fraud.

Recommendation(s)

- Members are asked to note the report.

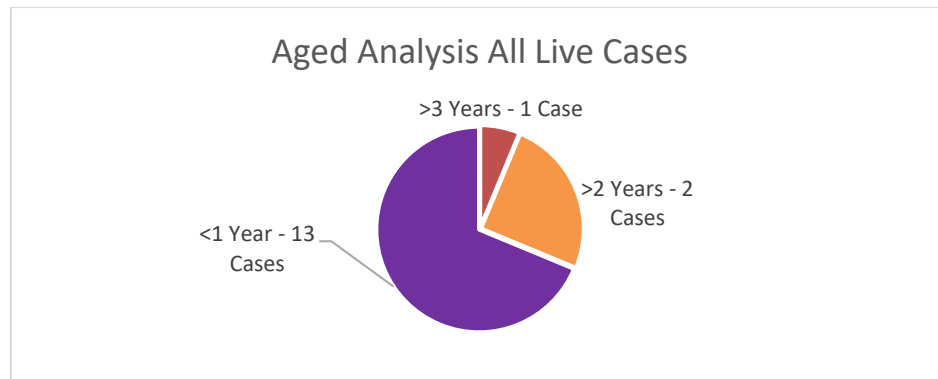
Main Report

Background

1. This report provides Members with an update on the activity of the Anti-Fraud and Investigation team during the 2023/24 reporting year. It also provides Members with an update against key anti-fraud initiatives, developments to assist in the prevention detection and reporting of fraud and any emerging risks.

Investigation Activity Summary

2. An analysis of the number of cases investigated during the 2023/24 reporting year compared to the 2022/23 reporting year can be found at Appendix 1 to this report, showing all fraud types along with the value of frauds detected. An aged analysis of all current live investigations has been summarised below.



Corporate Investigation Activity

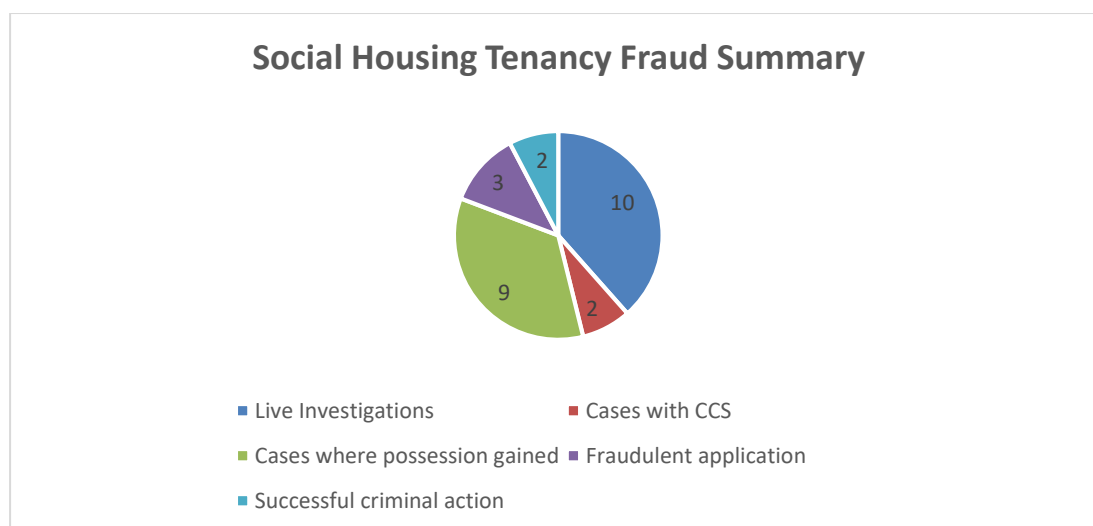
3. Eight corporate investigations have been completed during the reporting year. Corporate investigations relate to fraud, theft and misconduct allegations investigated by, or investigations supported by, the Corporate Anti-Fraud Team.
4. Two notable corporate investigations – one relating to a payroll change of bank account fraud, and the other, a successful mandate fraud were subject to formal investigation during the reporting year. While no funds were recovered as a result of the investigations, a number of control weaknesses in processes and procedures were identified with three red and five amber recommendations made, and accepted by management, to strengthen counter fraud controls.
5. In related matters, there are positive reports as to the effectiveness of the improved counter fraud control environment in the Accounts Payable process, following cases of bank mandate fraud in previous years. The Accounts Payable team have identified and prevented various attempts at this particular fraud, the most notable in the year was the prevention of a £301,599 payment.

Social Housing Tenancy Fraud

6. The team provides a full investigative response across all aspects of housing, from initial applications to the investigation of civil and criminal tenancy breaches and right to buy screening. We consider social housing tenancy fraud to be one of the City's top fraud risks.
7. The City, along with other London Borough housing providers have identified succession fraud as a growing fraud risk, with dishonest applications from family members, friends and acquaintances of deceased tenants increasing with the aim of securing a secured tenancy by 'jumping the queue'. The team has, therefore, had an increased focus over the past year on this fraud risk and moving forward will be assessing all succession applications for fraud in a similar fashion to the assessment work we provide for right to buy applications.
8. There has been a reduction of 25% in volume of tenancy fraud referrals from Housing Estates Officers during the year, and a substantial decrease of 90% in the volume of right to buy referrals, although this may, in some regard, be owing to the cost-of-living crises and increases in interest rates, deterring tenants from exercising the right to buy. An increased focused in the use of data analytics

through the NFI and NFI Fraud Hub has provided a 20% increase in tenancy fraud investigations through data matching. Data matching is a key element of our programme of proactive counter-fraud activity, through this work we aim to identify fraud early. It stands to reason that early identification could naturally lead to a reduction in public referrals.

9. During the reporting year the team recovered nine tenancies, took criminal action in two cases and stopped three fraudulent housing applications from progressing. Two further cases are currently subject to criminal (1) and civil (1) action, of which one case is listed for trial in November 2024.
10. A detailed summary of our work in this area, during the 2023/24 reporting year vs the same period in 2022/23 can be found at Appendix 2 to this report and a summary of noteworthy cases is included as Appendix 4. A snapshot of the tenancy fraud position at 2023/24-year end can be found below.



Council Tax Fraud

11. We have worked closely with the City’s Council Tax team and utilised data-analytics through the NFI London Fraud Hub during the reporting year. The Counter Fraud team directly investigated three Council Tax Single Person Discount (SPD) cases linked to tenancy fraud investigations, with recoveries of £727. The Council Tax team have focused on reviewing NFI data matches with the following successes.

NFI Matches processed	493
Frauds identified	19
Matches under investigation	4
Value or fraud/recoveries	£12,518

12. The total value of Council Tax fraud identified in the reporting year amounted to £13,218.

Whistleblowing

13. The City’s Whistleblowing Policy identifies the Head of Audit & The Counter Fraud & Investigations Manager as the main contacts for reporting a concern.

Internal Audit is responsible for maintaining a confidential and secure register of all concerns raised through the Whistleblowing Policy.

14. The Head of Internal Audit and the Counter Fraud Manager have been working with HR colleagues to review the City's whistleblowing mechanisms, recording, triaging and classification of concerns raised through the current mechanisms; this work is ongoing.
15. A review of concerns raised in recent years has found that over 50% of reports do not fall within the legal definition of whistleblowing and, therefore, do not offer the protection of a protected disclosure by law. These reports are, in the main, treated as grievances or complaints, and dealt with under alternative policies.
16. During the reporting year, nine concerns have been received through the City's whistleblowing channels, including three where these have been passed to HR and management to review and action as grievances, two that have been passed to management to deal with as a complaint and four that we have classified as whistleblowing concerns.
17. Of the four cases classified as whistleblowing concerns three have been investigated and closed and one remains open and is subject to the outcome of a wider Internal Audit review.
18. The table below provides an overview of the allegation and outcome of the three completed whistleblowing concerns during the reporting year:

Allegation		Outcome
1	Anonymous concern that a member of the court of common council was using his involvement with the City of London Corporation to conduct personal business activities that both because of its nature and the people he does business with could lead the City of London Corporation to reputational issues.	Referred to the Comptroller & City Solicitor who advised that with the lack of any substance, it was not advisable to refer the concern further as Member Standards would only be able to convene and meeting and decide that there was no basis for any investigation due to lack of substance to the allegations. This was also confirmed by a Deputy Town Clerk to the Head of Internal Audit.
2	An Officer raised concern about the conduct of another Officer abusing his position.	Internal Audit provided advice and guidance to management in this case, who proceeded to take formal action against the Officer for abuse of position. The Officer in question has been dismissed.
3	An Officer raised concern about the poor culture with a team in a City of London department. The caller was concerned about colleagues not working their contracted hours either from home or from the office and that staff are generally demotivated.	Matter discussed with the Chief Officer who advised that they have acted on the concern and spoken to the respective manager with whom an agreed action plan has been developed to ensure more transparency and accountability for team members, who have been reminded about their conduct and working time responsibilities. No disciplinary action taken against any Officer.

NFI & NFI Fraud Hub

19. The NFI 2024/25 biennial exercise commences in October this year; the Counter Fraud & Investigation Manager remains the key contact for both the City Corporation and the City of London Police and will be overseeing the exercise and working with Officers across Departments in both organisations to review output.
20. The City of London has recorded £76,470 in Housing, Council Tax and Waiting Lists outcomes so far from the NFI Fraud Hub, a significant increase on 2022/23 outcomes. This demonstrates an excellent yield for the low cost annual subscription, these savings figures are included in the Investigation Activity Summary.
21. Members will recall that the Counter Fraud & Investigation Manager has taken a key role across London to progress an initiative through the London NFI Fraud Hub to identify and tackle the emerging fraud risk of agency and permanent staff working across multiple contracts simultaneously. This exercise, run as a proof of concept, reported its initial findings to the 26 London Fraud Hub members in February 2024, and released a second run in April 2024.
22. For City of London, we received seven matches from the February release; five were duplicate matches where temp contracts were extended, whilst the remaining two were in respect of City of London casuals working elsewhere, and upon further investigation were not found to pose any risk to working across multiple contracts simultaneously.
23. From the April release, five matches were received of which three are subject to further enquiries as part of ongoing investigations, one case related to a City of London Casual that posed no risk, and one match in respect of an Officer who had recently resigned before disciplinary action for other fraud related offences.

Proactive Counter Fraud Activity

24. We have recently developed our proactive counter fraud plan for 2024/25, with key themes summarised below. The plan is designed to strengthen our counter fraud response through fraud risk activity, through fraud prevention measures, and through the review and relaunch of key counter fraud strategy.
 - Programme of Fraud Risk Assessments across City of London Departments.
 - Reviewing, benchmarking and relaunch of the Corporate Anti-Fraud and Corruption Strategy.
 - Reviewing, benchmarking and relaunch of the Whistleblowing Policy and its reporting lines.
 - Continued development of the NFI London Fraud Hub to respond to key and new and emerging fraud risks.
 - Launch of a new and user-friendly fraud reporting tool and smartphone app.

25. Whilst this plan is ambitious and subject to the volume of reactive work received by the team, it provides a strategic path to strengthening and focusing on protecting the City's assets from the risks of fraud.

Corporate & Strategic Implications

26. The work of the Team is designed around preventing and detecting fraud risks across the organisation by providing a comprehensive counter fraud and investigation response with a clear focus on fraud risk assessment and safeguarding the City's assets and recovering any losses due to fraud; this is underpinned by our Anti-Fraud & Corruption Strategy and Proactive Counter Fraud plan. The NFI London Fraud Hub with the City's Counter Fraud & Investigation Manager taking a key and leading role in its development with peers from neighbouring London Authorities provides a strong basis for better use of 'big data' to mitigate the risks of fraud and to respond to new and emerging fraud risks effectively. The confidential whistleblowing and fraud referral arrangements managed by the team ensure that a safe and secure mechanism for raising concerns is maintained and that these concerns are acted upon.

Conclusion

27. The team continues to perform strongly, identifying and responding to fraud referrals, whilst our Proactive Counter Fraud Plan maps out activity to continue strengthening the organisations response to mitigate fraud risk. The recovery of properties lost to fraud enables the City to provide good quality, affordable housing to those in the greatest need.

28. Focus on data analytics through the NFI London Fraud Hub and in preventative measures have proved particularly successful for the team during the reporting year and provide a strong basis to continue to protect the City's assets against the risks of fraud.

Appendices:

- **Appendix 1 – Analysis of the number of cases investigated during the 2023/24 reporting year vs the 2022/23 reporting year**
- **Appendix 2 - during the 2023/24 reporting year vs the 2022/23 reporting year**
- **Appendix 3 – Social housing tenancy fraud investigations summaries 2023/24**

Contact:

Chris Keesing | Counter Fraud & Investigations Manager | Chamberlains Department
E: chris.keesing@cityoflondon.gov.uk
T: 07500 991120