

Committee(s)	Dated:
Audit and Risk Management Committee	13/09/2016
Subject: Anti-Fraud & Investigations Up-date Report	Public
Report of: Chamberlain	For Information
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Summary

This report provides Members with an update of our anti-fraud and investigation activity; it also provides an analysis of the cases investigated since the start of the 2016/17 reporting year.

The Anti-Fraud & Investigation team have recently prosecuted two social housing tenants, following contested trials at the Central Criminal Court, with one receiving a 15 month prison sentence, demonstrating our commitment to taking robust action against those that seek to abuse, for personal gain, social housing provided by the City Corporation.

The team recently investigated an identity fraud by several users at the Barbican library, which resulted in a significant loss of library stock. Following investigation a successful insurance claim for the value of £5,215 was made, which will be used to replace the dishonestly borrowed library stock.

The value of identified fraud from the 13 cases concluded in 2016/17 to date, amounts to £373,215, so far this reporting year.

A joint proactive exercise with the Home Office Immigration Enforcement Team has commenced, which seeks to identify social housing fraud and no recourse to public funds fraud.

The contract to manage a new London Counter Fraud Hub has been awarded to CIPFA, with a pilot exercise scheduled to commence this autumn. The City Corporation is currently considering the benefits of participation in the pilot.

The National Fraud Initiative (NFI) 2016/17 exercise, now managed by the Cabinet Office, is underway, with the City's participation being overseen by the Anti-Fraud Manager. A timetable has been communicated to departmental data-set owners, along with data specifications and fair processing guidance to ensure that the City is ready for data up-loads from 10 October 2016.

Recommendation(s)

- Members are asked to note the report

Main Report

Background

1. This report updates Members with the key issues arising from anti fraud and investigations work since the last report to Committee in March 2016.

Investigation Activity Summary

2. An analysis of the number of cases investigated during the current reporting year 2016/17 to date, compared with the previous reporting year has been included as Appendix 1 to this report showing all fraud types along with the value of frauds detected. The value of identified fraud from the 13 cases concluded in 2016/17 to date amounts to £373,215.

Social Housing Tenancy Fraud

3. Since our last report to this Committee, two contested social housing tenancy fraud prosecution cases have been heard at the Central Criminal Court, and are summarised below;
 - I. Jenis Ifill – a City of London social housing tenant since 2012 used counterfeit Home Office leave to remain documents to obtain social housing and housing benefit from the City of London. Ms Ifill was found guilty at the Central Criminal Court on 16 June 2016, following a ten day trial, of one charge of possessing a false identity document with improper intention, contrary to the Identity and Documents Act 2010, and four charges of dishonestly making a false representation to obtain council housing and housing benefits, contrary to the Fraud Act 2006. Ms Ifill was sentenced to fifteen months imprisonment for all charges, to run concurrently. A short report on the outcome of the case was published in the London Evening Standard on 20 June 2016, and also features in this September's quarterly housing newsletter, delivered to all City of London housing tenants. Civil action is currently underway to recover the tenancy.
 - II. Fatima Garba – a City of London social housing tenant for over ten years, dishonestly sub-let her social housing property for profit, Ms Garba was found guilty at the Central Criminal Court on 18 July 2016, following a three day trial, of four charges of dishonestly making a false representation on social housing tenancy forms, contrary to the Fraud Act 2006; Ms Garba will be sentenced in September. The tenancy has already been recovered and is now let to a family in greater need.
4. Social Housing Tenancy Fraud continues to be a key fraud risk area, and the Anti-Fraud & Investigation Team continues to provide investigative support across all aspects of Housing, from initial applications for assistance to the investigation of tenancy breaches and right to buy concerns. A summary of our work to date this financial year, in this area, is detailed in Appendix 2 to this report.

Corporate Anti-Fraud & Investigation Activity

5. Corporate investigations are defined as fraud, corruption or conduct cases which relate to employee fraud or conduct, or other third party fraud.

6. A recent investigation at the Barbican library, following a report of suspected dishonest non-return of library loans was undertaken by the team. Following a detailed investigation, it was found that several library members, all from the same or very similar addresses, had borrowed library items valued in excess of £5,000 that had not been returned. Enquiries with colleagues across London boroughs identified similar issues with library stock loaned to persons using the same names and addresses that had likewise not been returned. It was evident that counterfeit ID had most likely been furnished when the library membership applications were submitted, as attempts to trace these individuals were unsuccessful. Four recommendations were made to strengthen the controls surrounding library membership and recovery of losses, which have all since been implemented. Likewise a successful insurance claim was made for the value of £5,215.16, which will be used to replace the dishonestly borrowed library stock.

Whistleblowing

7. The City's whistleblowing policy identifies the Head of Audit & Risk Management as one of the main contacts for staff wishing to report a concern that they believe they cannot discuss with their line manager. The number of referrals to Internal Audit continues to be relatively low, however when a referral is received they are generally of high significance leading to further investigation. Since the start of the 2016/17 reporting year, two whistleblowing referrals (as defined in the policy) have been received, both of which are current subject to investigation by the Anti-Fraud team.

Fraud Awareness

8. The Anti-Fraud Manager delivered a fraud awareness presentation to colleagues across the Department for Communities and Children's Services, at their team away day on 7 July 2016. The interactive session was well received and highlighted the benefits of our continued, joined up approach, to tackling social housing tenancy fraud across the City's housing estates. It also provided an opportunity to launch a new team email account, which enables us to record and track new referrals and queries faster and more efficiently, whilst providing, in most cases, a quicker response – particularly where fraud concerns are existent.

Proactive anti-fraud activity

9. A data-matching solution, incorporating basic case management software, has been procured by the team. The data-matching solution seeks to identify social housing tenancies that have been obtained by deception or that are being unlawfully sub-let; and directly links to our programme of proactive anti-fraud activity, whilst the case management software allows us to test and consider the benefits of a longer term case management software package at the City.
10. As part of this proactive exercise, and as detailed in our Anti-Fraud & Investigation update report to this Committee in March 2016, our joint working initiative with the Home Office Immigration Enforcement Team, that seeks to

identify no recourse to public funds concerns across our housing estates, has now recently commenced. A meeting has been arranged with colleagues from the Home Office Immigration Enforcement Team later this month, in order to discuss the outcomes and consider next steps.

London Counter Fraud Hub

11. CIPFA have recently been awarded a contract to provide data analytics services to the London Counter Fraud Hub (LCFH). The LCFH is a partnership between all the London boroughs designed to facilitate better sharing of data, and identify instances of fraud and error, in areas including unpaid council tax, illegal property letting and unpaid business rates. The LCFH is set to launch a pilot scheme in the autumn this year, followed by full roll-out in 2017. The City Corporation is considering the benefits of participation in the LCFH, in consultation with CIPFA. Internal Audit will update this Committee with developments of the LCFH and the City's participation in future Anti-Fraud & Investigation up-date reports.

National Fraud Initiative (NFI)

12. Preparation for the NFI 2016/17 exercise is currently underway. The Anti-Fraud Manager is the Key Contact for the exercise for both the City of London Corporation, and the City of London Police. The NFI is a bi-annual data-matching exercise, now managed by the Cabinet Office, since the closure of the Audit Commission.
13. A timetable is in place for NFI activity, and departmental data contacts for the City of London and City of London Police have been notified of data requirements and fair processing notice responsibilities. Data-sets will be uploaded to the NFI secure site from 10 October 2016, with matches being released for review and investigation from 26 January 2017. Internal Audit will update this Committee with developments of the NFI 2016/17 exercise as part of future Anti-Fraud & Investigation up-date reports.

Conclusion

14. Internal Audit continues to deliver a professional anti-fraud and investigation service across the organisation, our two recent successful social housing tenancy fraud prosecutions at the Central Criminal Court, demonstrate our commitment to taking robust action against those that seek to abuse the services provided by the City Corporation. Reactive and proactive anti-fraud and investigation activities continue to identify fraud and error, whilst resultant investigations also identify areas for improvement in internal anti-fraud control environments.

Appendix 1: Analysis of cases investigated during the current reporting year Appendix 2: Housing Tenancy Fraud Caseload

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