

Committee(s)	Dated:
Audit and Risk Management Committee	06/11/2018
Subject: Anti-Fraud & Investigations – Half Yearly Update	Public
Report of: The Chamberlain	For Information

Summary

This report provides Members with an update on the activity of the Anti-Fraud and Investigation team during the 2018/19 reporting year to date. It also provides Members with an update against our key anti-fraud initiatives for the year.

In total 31 investigations, across all disciplines, have been completed during the first half of 2018/19, with an associated value of £314,476.

A successful tenancy fraud prosecution at Inner London Crown Court, and a successful claim for possession at Clerkenwell and Shoreditch County Court have been secured following complex tenancy fraud investigations.

Three further cases are currently with the Comptroller & City Solicitor for prosecution, along with one further civil possession case for action, whilst 19 live cases are currently subject to investigation.

Three additional referrals have been received as a direct result of our support for the full tenancy audit across the City's housing estates.

A detailed overtime investigation recently concluded by the team resulted in disciplinary action, with the issue of final written warnings to four officers. The subsequent management report has made nine recommendations to improve the control framework and mitigate the opportunities for fraud of this nature happening in the future.

Data has recently been submitted to the Cabinet Office's National Fraud Initiative, with matches released for investigation in January 2019. The roll-out of the NFI AppCheck Corporation wide has gone well, with 15 applications identified where fraud concerns exist, and seven applications cancelled as a direct result of intelligence from the AppCheck product.

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 first half of the 2018/19 reporting year. It also provides Members with an update against our key anti-fraud initiatives for the year.

Investigation Activity Summary

2. An analysis of the number of cases investigated during the first half of this reporting year has been included as Appendix 1 to this report, showing all fraud types along with the value of frauds detected. The associated value of identified fraud from the 31 completed investigations during the first half of this year – 1 April 2018 to 1 October 2018, amounts to £314,476.

Social Housing Tenancy Fraud

3. Social housing tenancy fraud remains a key fraud risk area for the City. The team continues to provide investigative support across all aspects of housing, from initial applications, to the investigation of tenancy breaches and right to buy screening. During the first half of this year, 15 successful outcomes have been secured, including the conclusion of cases at Inner London crown court and Clerkenwell and Shoreditch County Court County Court. The associated value of these cases is £270,000.
4. A summary of our work to date in this area, during 2018/19, is detailed in Appendix 2 to this report, where Members will note that there are currently 19 live cases, and four further cases with the Comptroller and City Solicitor for prosecution action and/or for civil recovery action through the County Court.
5. 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.
6. The volume of Right to Buy (RTB) applications referred to the team for screening has dropped considerably. We have been liaising with the Home Ownership Manager who confirmed that there has been a significant reduction in RTB applications from tenants during the first half of this year.
7. Case studies detailing several successful social housing tenancy fraud cases, including the successful prosecution at Inner London Crown Court, and possession claim at Clerkenwell and Shoreditch County Court, dealt with by the team during 2017/18 are attached at Appendix 3.
8. In our May 2018 Anti-Fraud & Investigations Update report to this Committee, we advised that the Anti-Fraud & Investigation team were supporting colleagues in the Housing Division to undertake a full tenancy audit of all City Corporation tenanted properties. This work is underway and has generated an additional three referrals, all currently subject to investigation, where fraud concerns have been identified as a direct result of the tenancy audit.

Corporate Anti-Fraud & Investigation Activity

9. Corporate investigations are defined as fraud, corruption or conduct cases which relate to employee fraud or conduct, or other third-party fraud. A total of 13 corporate referrals have been concluded during the first half of this year with an associated value of £25,901. Where Corporate investigations identify wrongdoing by staff, we support Senior Management and colleagues in HR to take appropriate action under the City's disciplinary procedure.

10. A corporate fraud case, involving alleged overtime fraud by four officers has recently concluded. The investigation, undertaken jointly with Departmental Management, identified that these officers were claiming overtime for hours not worked and failure to fulfil contracted hours over a period of four months. Disciplinary action was instigated, and the four officers were each issued a final written warning. A management report has since been issued to the Department Director, with nine recommendations made to improve the control framework and mitigate the opportunities for fraud of this nature happening in the future.

Whistleblowing

11. The City's Whistleblowing Policy identifies the Head of Audit & Risk Management as one of the main contacts for reporting a concern. 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.
12. During the 2018/19 reporting year to date, five whistleblowing referrals (as defined in the policy) have been received. Four cases received in the current reporting year and one case from 2017/18 have now been concluded, whilst a further complex case remains subject to investigation by the team.
13. A review of the City's Whistleblowing arrangements is planned for later in the reporting year, which will include a review of the Policy, Communication and Publicity. As part of this review, we will seek to garner best practice from both the public and private sectors to help shape our whistleblowing arrangements across the City Corporation.

National Fraud Initiative (NFI) & NFI AppCheck

14. The NFI is a statutory bi-annual exercise, managed by the Cabinet Office and designed to identify fraud and error across departments ranging from housing, benefits and employment, through to pensions and duplicate payments. Data-sets for the NFI have now been securely uploaded to the NFI secure site, and the release of matches resulting from the subsequent data-matching will be made available to the City for review in January 2019. We will update Members with the progress on the City's NFI 2018/19 participation as part of future update reports.
15. Members were previously advised that funding to procure NFI AppCheck organisation wide was secured earlier in the year. NFI AppCheck is designed to identify fraud at the point of access to services and employment, and has now been rolled-out to colleagues in Housing (rents, benefits and allocations), Blue Badge administration and HR. The table below sets out the volume of searches, along with the outcomes since 1 April 2018 to date.

AppCheck Searches	144
Cleared – No Issue	129
Fraud Identified	7
Application Under Review	8
Total	144

Blue Badge Fraud

16. A City Corporation issued blue badge was recently identified to be fraudulently used by Parking Wardens in the London Borough of Tower Hamlets. The Anti-Fraud team supported prosecution action instigated by Tower Hamlets, where on 17 August 2018, the defendant was found guilty of misuse of the blue badge and was fined £600 and ordered to pay £2,100 in costs. A replacement badge has since been issued to the holder, with a condition that any further identified misuse will result in the badge being cancelled and no replacements issued.

Conclusion

17. The team continue to provide a professional and robust anti-fraud and investigation service across the organisation. 31 investigations, across all disciplines, have been completed during the first half of 2018/19, with an associated value of £314,476.
18. Data has recently been submitted to the Cabinet Office's National Fraud Initiative, with matches released for investigation in January 2019. The roll-out of the NFI AppCheck Corporation wide has gone well, with 15 applications identified where fraud concerns exist, and seven applications cancelled as a direct result of intelligence from the AppCheck product.
19. Successful outcomes in the Crown Court and County Court have been secured during the first half of 2018/19, following complex tenancy fraud investigations. Three additional referrals have been received as a direct result of our support for the full tenancy audit across the City's housing estates.
20. A detailed overtime investigation resulted in disciplinary action against four officers and nine recommendations to improve the control framework and mitigate the opportunities for fraud of this nature happening in the future.

Appendices:

Appendix 1: Analysis of cases investigated during 2018/19 YTD

Appendix 2: Housing tenancy fraud caseload 2018/19 YTD

Appendix 3: Social housing tenancy fraud case studies 2018/19 YTD

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