

## Appendix 3 – Corporate Investigations Summary

Nature of Concern	Investigation/Outcome Summary	Value (£)
Business email compromise	<p>Following routine chasing of invoices at year end, the City received an email from a supplier with two invoices and amended bank account details. The change of account request was processed, and the invoices paid. Concerns were raised when the supplier enquired about payment and when advised of the account the payments were made to the supplier claimed to not have any knowledge of the account or the request to amend the bank account.</p> <p>During our investigation we reviewed the background of the reported fraud, analysed the internal documentation and correspondence, and liaised with key internal stakeholders; we found that all email communication had been received from the suppliers recognised email accounts and although the City had not telephoned the supplier to verify the change of account, reasonable actions were taken to verify the validity of the request and the payment was made to the supplier in good faith.</p> <p>Following advice from the Comptroller and City Solicitor, and the need to maintain the supplier relationship, the department decided to make another payment to the supplier to the value of the loss.</p> <p>Our investigation identified that there were opportunities missed that may have helped to identify this fraud and these were reported to management along with three recommendations to improve the control environment and mitigate future risks, all of which have been accepted and are being implemented.</p> <p>Further work was undertaken with City Procurement and the Comptroller and City Solicitor and a new 'Electronic Communications' clause has now been drafted and included in all new procurement terms which sets-out the expectation on suppliers to maintain the integrity and security of its own data storage and transmission systems and provides a defence for the City in any future cases of a similar nature.</p> <p>We are working with the City's Risk &amp; Insurance Manager to recover the losses associated with this fraud.</p>	27,735
Business email compromise	<p>Concerns were raised when Payroll colleagues identified that the email account of a supplier may have been compromised resulting in a request to amend bank account details being received and processed. During our investigation we reviewed the background of the alleged fraud, analysed email correspondence and liaised with the supplier, who confirmed that they had been subject to a cyber-attack.</p>	8,043

	<p>It was found that the City had been a victim of this fraud and that some employee records held by the supplier and used to process the services delivered may have been compromised – this was reported to the City's Information Team.</p> <p>Our investigation identified the owner of the account that the monies were paid in to and these, along with the details of the fraud and our internal investigation were reported to the Police who are undertaking a criminal investigation. We understand that a report has been submitted to the Crown Prosecution Service for a charging decision.</p> <p>The investigation identified that there were opportunities missed that may have helped to identify this fraud and these were reported to management along with four recommendations to improve the control environment and mitigate future risks, all of which have been accepted and are being implemented.</p> <p>We are working with the City's Risk &amp; Insurance Manager to recover the losses associated with this fraud.</p>	
Fraudulent application of discretionary housing payment	<p>A report was received from the City's Housing Benefits Team regarding two applications for discretionary housing payments. The applications were reviewed and found to have been completed by the same person, with counterfeit supporting evidence provided identified through a review of the metadata within the documents. Although the applications were allegedly made by different people it was found that the National Insurance Numbers on the applications did not match official records when checked and the telephone numbers provided on both applications were the same. The applicant was advised that a verification visit to the address listed on the applications would be made and when attempted there was no response. Checks against Council Tax records also identified discrepancies with the information provided on the applications.</p> <p>A decision was made not to award discretionary housing payments on the basis of the concerns identified and the applicant(s) was informed of this decision. No appeal was made against this decision.</p>	1,700
Fraudulent use of the City's Addison Lee account	<p>A report was received from colleagues in the Town Clerks Department in relation to the dishonest use of the City's Addison Lee account post the disbandment of the Pandemic Multi Agency Response Team (PMART) set-up in response to the COVID pandemic. This was a joint investigation undertaken with the Fraud Team at Camden Council and it was found that at least 17 journeys appeared to have been made dishonestly.</p> <p>Further investigations found that there was likely to have been collusion between former employees of Camden Council and instruments used to conceal the identities of those responsible for the misuse. We were also able to gather digital evidence to link the bookings back to the individuals who made the journeys.</p>	950

	<p>The matter was referred to the City of London Police for consideration of criminal investigation, owing to the aggravating factors – these being misuse of a service put in place to provide those seconded to PMART to support grieving families who lost loved ones during the pandemic, and the dishonesty – the use of the Addison Lee account for personal gain, resulting in a loss to public funds.</p> <p>An access PIN has now been set-up to provide an additional level of security before any bookings can be made on the City's Addison Lee account.</p> <p>Further investigations and interviews have been progressed by colleagues at the City of London Police and we understand that a report has been submitted to the Crown Prosecution Service for a charging decision.</p>	
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