



# Counter Fraud Activities A&RMC Member Briefing

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# Key work streams

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- Reactive Investigations – where fraud concerns have been reported directly.
- Proactive counter fraud work and use of ‘big data’ – primarily data-matching through the NFI and the London NFI Fraud Hub.
- Expert and Professional Counter Fraud & investigation advice and support, organisation wide. Head of Profession response for Counter Fraud.
- Fraud risk assessment activity – supporting the organisation to understand and mitigate fraud risks, whilst meeting its legal obligations to do so.
- Ownership of key counter fraud policy.
- Oversight for the corporate policy and procedure for receiving concerns from employees.
- RIPA subject matter experts – supporting departments to undertake lawful and risk assessed directed surveillance.
- Cross-cutting function - our works covers all City Corporation departments/institutions and supports the Corporate Plan.
- Fraud Prevention Activity – designing out fraud by default.



# Proactive Counter Fraud Work

## • **National Fraud Initiative (NFI):**

- Biennial exercise – mandatory for City Corporation & City Police.
- Counter Fraud Manager is Key Contact and responsible for the NFI for both the City Corporation & City Police
- Datasets cover: Payroll, Pensions, Housing, Council Tax, Electoral Registration, Blue Badge, Housing Benefits, Creditors, Social Care Recipients.
- Pilot Exercises – recently housing data to HMRC and Credit Reference data to identify tenancy fraud.
- NFI AppCheck – a tool available to front line service areas to help detect and prevent fraud from entering the system at point of application.

## **London NFI Fraud Hub:**

- Allows for continuous auditing of key fraud risks datasets, including housing and council tax.
- London NFI Fraud Hub now hosts 26 London Boroughs (inc. CoL), enabling a collaborative and innovative approach to tackling cross boundary fraud.
- Uses all of the NFI datasets and has regular updates of additional data, including benefits, deceased records, Amberhill (known fraud) data.
- Retrospective matching identifies matches for review when new data is digested into the hub; these are triaged by the fraud team and retained or assigned to departmental NFI stakeholders for review.
- Collaborative and innovative approach to tackling fraud risk – for example the agency staff fraud risks project.

# Proactive Counter Fraud Work

## • **Fraud Risk Assessments:**

- Allows the organisation to understand its exposure to fraud, and to identify areas where further mitigation through process or procedure is necessary.
- Departmental and/or divisional fraud risk workshops
- Development of fraud risk registers with periodic review
- Specific function and/or activity fraud risk assessments.
- Initial fraud risk assessments for major spends/projects
- Directly responds to the City Corporations duty to prevent the risks of fraud against the organisation, as set-out the in the Economic Crime & Corporate Transparency Act

## **Policy & Procedure:**

- Anti-Fraud & Corruption Strategy
- Prosecution & Sanctions Policy
- Social Housing Tenancy Fraud - Anti-Fraud & Prosecutions Policy
- Money Laundering Policy
- Bribery Act Response Procedure
- Fraud Manual

## **Fraud Awareness:**

- Fraud awareness eLearning
- Fraud awareness presentations
- Tailored fraud awareness – team/group sessions
- Member fraud awareness sessions (as desired)

# Proactive Counter Fraud Work

## **Regulation of Investigatory Powers Act (RIPA):**

- Counter Fraud Manager – RIPA Gatekeeper.
- Head of Internal Audit – RIPA Authorising Officer.
- The team oversees all RIPA activity for directed surveillance at the City Corporation.
- Allows for officer challenge
- Helps to protect the City Corporation both legally and reputationally by having a professional response to directed surveillance.
- Supports and compliments the activity of other teams across the City Corporation.

## **Speak Up Procedure:**

- HR Procedure and Policy - IA & Counter Fraud Team oversees the response for the City Corporation, including the triaging of concerns with HR colleagues to include determination of whether protected disclosure rights apply to the employee raising a concern.
- Current IA/Counter Fraud and HR working group in place with support from ELB to redesign and refresh our approach to whistleblowing with new Policy & Procedure and new system and electronic reporting tool.
- Electronic reporting form under development – this will allow for a two-way anonymous exchange of information, should the person submitting the concern not feel comfortable providing their personal details.

## **INCASE – Fraud Case Management System:**

- All referrals now logged electronically and triaged through INCASE.
- All fraud investigations now managed through their lifecycle within INCASE.
- Electronic fraud reporting form launched – this allows for a two way anonymous exchange of information, should the person submitting the concern not feel comfortable providing their personal details.

## **Fraudits:**

- Counter Fraud Team reports summarising the findings and risk exposure following corporate investigations.
- Recommendations to improve control frameworks where fraud has been reported and investigated.
- Monitoring of implementation of recommendations.
- Work in this area promotes fraud risk assessment activity.



# Key Challenges & Limited Capacity

- Reactive fraud investigations can take time to progress to outcome owing to volume of work and workloads, however, delivery of professional reactive investigations in all cases is not impacted.
- Output from proactive counter fraud activity not always reviewed in full owing to volume and availability of resource.
- Many positives have been delivered from the work of the team in preventing fraud, whether through improved controls and processes, or by providing the tools to assist front line services to identify fraud. It is very challenging to quantify fraud prevention activity and assigning a value to this work.
- Can at times be challenging to respond to new and emerging fraud risks effectively in a timely manner due to counter fraud resource and competing priorities.
- Geographical spread of housing sites across London significantly increases the number of external data providers the Investigator must work with.
- Implementation of counter fraud recommendations need pushing on occasions.
- Obtaining evidence from third parties – other LA's, banks, utilities etc. is often time consuming and can impact delivery of work. Chasing providers for essential data and evidence is time consuming.
- Large cases can easily wipe out a counter fraud resource for a period of time.
- Can be challenging to manage workload due to the nature of counter fraud work – it is not always possible to manage and respond effectively to the volume of referrals made to the team, particularly reactive investigations.
- Crown court trials are currently listed for 1.5 – 2 years time impacting closure of cases.