

<b>Committee(s):</b>	<b>Date(s):</b>
Audit and Risk Management Committee	17 <sup>th</sup> September 2013
<b>Subject:</b> Anti-Fraud and Investigation Up-date Report	<b>Public</b>
<b>Report of:</b> Chamberlain	<b>For Information</b>
<p><b>Summary</b></p> <p>This report provides Members with an up-date of our investigation activity since last Committee, along with details of anti-fraud work currently being undertaken. A non-public appendix to this report details a recent Open Spaces investigation where specialist Investigation support was provided by Internal Audit.</p> <p>The employment of a contract Fraud Investigator has resulted in an increased output of investigated cases. Fraud investigations are now completed in a shorter time scale, with the number of housing benefit Cautions, Administrative Penalties and files referred for prosecution rising, and the number of social housing tenancies recovered increasing, as a direct result of this additional resource. An analysis of housing benefit and housing teancy fraud activity, compared to the same period last year, shows that an additional 11 cases have resulted in successful outcomes,</p> <p>A tailored Fraud Awareness e-learning course, developed in-house, went live in June 2013 for completion by all City Corporation employees. The training has currently been completed by 40% of City Corporation staff, with the aim that all staff have completed the training by 1<sup>st</sup> October 2013.</p> <p>A pro-active anti-fraud exercise has commenced with an external partner, designed to identify fraudulent misuse of City Corporation social housing stock. This exercise matches City Corporation social housing tenant data against credit reference agency data, in order to indicate where tenants may be sub-letting their properties, by linking them to adresses elsewhere, and by linking unknown individuals to City Corporation properties.</p> <p><b>Recommendations</b></p> <p>Members are asked to note:</p> <ul style="list-style-type: none"> <li>• The roll-out of the corporate wide Fraud Awareness e-learning training package,</li> <li>• The commencement of a pro-active anti-fraud exercise to identify fraudulent misuse of City Corporation social housing stock; and</li> <li>• The outcomes of investigations undertaken since the last update report.</li> </ul>	

## Main Report

### Background

1. Corporate fraud investigations and pro-active anti-fraud services are provided and co-ordinated by the City's Internal Audit team. Whilst each Internal Audit review considers fraud risk, as part of its scope, matters that require specialist investigation are undertaken on a corporate wide scale, by professionally qualified Counter Fraud Investigation staff.
2. Members were provided with a detailed report at this Committee on June 25<sup>th</sup> 2013, detailing our anti-fraud activity in the previous reporting year, along with our plan of pro-active anti-fraud work for the current reporting year. This report provides Members with an up-date of our investigation activity since last Committee, along with details of anti-fraud work currently being undertaken.

### Investigation Activity Summary

3. The following table summarises our investigation activity in the current reporting year from April 2013; it gives the number of cases closed and number of cases subject to investigation across all disciplines. It also details the investigation caseload over the past two reporting years for comparison, along with a summary of live cases currently under investigation from previous years.

Investigations Caseload	2013/14				2012/13	2011/12
	Cases brought forward from previous year	New cases opened	Cases closed	Current live cases	Total	Total
Benefit Fraud	21	12	18	15	52	43
Housing Fraud	10	12	13	9	21	21
Corporate Fraud:						
Theft	5	3	7	1	13	3
Cheque Fraud	0	0	0	0	0	2
Employee Conduct	2	2	3	1	6	6
<b>Total</b>	<b>38<sup>1</sup></b>	<b>29</b>	<b>41</b>	<b>26</b>	<b>92</b>	<b>75</b>
<b>Notes:</b> <b><sup>1</sup>Of the total number of cases brought forward from the previous year, 26 have now been closed</b>						

4. Members have historically been provided with detailed appendices concerning Housing Benefit and Housing Tenancy Fraud caseloads. These are still

maintained, although, they will longer be attached as apendices to this paper, but can be made available upon Members request.

5. The employment of a contract Fraud Investigator since January 2013 has resulted in an increased output of investigated cases. Investigations are now completed in a shorter period of time, with the number of Cautions, Administrative Penalties and files referred for prosecution actions rising and the number of social housing tenancies recovered increasing as a direct result of this additional resource. An analysis of housing benefit and housing teancy fraud investigations, compared to the same period last year, shows that an additional 11 cases have resulted in successful outcomes. Most notably in relation to housing tenancy fraud investigations, where successful possession as a direct result of Internal Audit investigation has increased from one property to seven.
6. A sensitive investigation was undertaken by the City's Open Spaces Department, with Internal Audit providing specialist investigation support. This investigation is now complete and Members are provided with full details in the form of a confidential appendix to this report.

### **Proactive Anti-Fraud Activity**

7. Fraud Awareness E-learning – A tailored fraud awareness e-learning course, developed in-house by the Senior Investigator; was rolled out to all City Corporation employees in June this year. The target date for completion by all staff is 1st October 2013; at the time of writing this report, the training has been completed by 40% of the City's employees with positive feedback received. Regular reminders will be issued to those staff who have not yet undertaken the training from the beginning of September, including e-mails and articles on the City's Intranet. This training course will form a mandatory part of the corporate induction for new starters.
8. Social Housing Fraud Data-Matching Exercise – The Chamberlain's Department has recently funded a pro-active fraud exercise in partnership with Experian – a credit reference agency.. This exercise is designed to identify City Corporation tenants who may have obtained their tenancies by deception or who may be using their social housing for unlawful gain by sub-letting. Similar exercises have been undertaken by other Local Authorities across London with very positive outcomes. Internal Audit will publicise, where possible, successful outcomes from this exercise.

### **City of London Police Liaison arrangements**

9. Our liaison with the City Police continues in a positive fashion. Partnership working on recent fraud investigation cases has improved the knowledge and understanding by both organisations, whilst quarterly liaison meetings continue to provide value to the relationship between Internal Audit and the Economic Crime Directorate.

## **Conclusion**

10. Internal Audit continues to provide a specialist fraud investigation service across the City Corporation; the recruitment of additional fraud investigation personnel has resulted in a positive increase in the number of cases investigated, and successful outcomes obtained.
11. Key anti-fraud training has been rolled-out across the City Corporation, providing our staff with increased skills and anti-fraud knowledge.
12. The Chamberlain's Department is committed to identifying fraud across the City's sought after housing stock, and has allocated funding for a pro-active exercise with an external partner, designed to identify fraudulent misuse of City Corporation social housing stock.

## **Background Papers:**

## **Appendices**

### **Appendix 1: Confidential Open Spaces Investigation outcomes**

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