

Committee(s)	Dated:
Audit and Risk Management Committee	14/06/2016
Subject: Billingsgate Market Investigation Outcome	Public
Report of: Chamberlain	For Information
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Summary

This report provides Members with an update on a recent fraud prosecution involving the former Administration and Operations Manager at Billingsgate Market, Roshan Persad.

Following a detailed investigation by the City of London Police and the City of London Corporation, it was identified that a sophisticated and premeditated fraud at Billingsgate Market had been committed by Roshan Persad, resulting in a loss to the City of London Corporation of £108,000.

A criminal trial at the Central Criminal Court in February 2016 concluded that Roshan Persad was guilty of six counts of theft, seven counts of False Accounting and one count of Fraud by Abuse of Position of Trust, in relation to this fraud and he was subsequently given a two year and eight month custodial sentence.

A Proceeds of Crime investigation has been initiated by the City of London Police, with a timetable set for confiscation and compensation proceedings. It is expected that the City of London Corporation should recover monies stolen through this fraud from assets identified through the proceeds of crime investigation.

Following a review by Internal Audit following the identification of this fraud, a number of recommendations were made and have been implemented to improve the City's controls surrounding income collection activities across the City of London Corporation.

Recommendation(s)

- Members are asked to note the report

Main Report

Background

1. This report provides Members with an update on a recent fraud prosecution involving the former Administration and Operations Manager at Billingsgate Market, Roshan Persad.
2. Members will be aware that a sophisticated and premeditated fraud was identified at Billingsgate Market and following a criminal investigation by the City of London Police and City of London Corporation a trial at the Central Criminal Court took place between 15 February 2016 and 29 February 2016.

Investigation

3. Following a report to Internal Audit in April 2013, advising that £94,000 of cash income from Billingsgate Market tenants rent and service charges had not been received to the City's bank, an investigation commenced. It was found that a loss in transit report was submitted to the City's cash collection provider by the Market's Administration Office as it was initially considered that the collection may have gone missing in transit; this was quickly found not to be the case.
4. During detailed forensic investigation by Internal Audit of the Billingsgate Market accounting systems and records, it was identified that a number of credit notes had been issued to tenants accounts that could not be accounted for. Enquiries with market traders also identified that they had made cash payments to the Markets and Administration Office that could not be accounted for within the City's records.
5. It was identified through our forensic investigation that payments received from tenants had been stolen and later used to cover balances outstanding for other tenants over a period of approximately 18 months, through a process of teeming and lading, whilst an attempt to cover up some of the stolen money had been attempted through the raising of credit notes to traders accounts.
6. Teeming and lading can be described as a type of fraud that involves the crediting of one account through the abstraction of money from another account. It can happen when one customer's payment is stolen and another customer's payment is posted to hide the theft. Credit notes are often raised, as they were in this case, in order to attempt to conceal the fact that any debt exists.
7. Investigations found that the total value of monies stolen amounted to £108,000 over the duration of this fraud.

8. As the investigation proceeded, it became apparent that the person responsible for this fraud was the former Administration and Operations Manager at Billingsgate Market, Roshan Persad, who was subsequently interviewed under caution with the allegations put to him; throughout the investigation he denied any responsibility for the fraud.

Prosecution

9. Roshan Persad was subsequently charged with six counts of theft, seven counts of False Accounting and one count of Fraud by Abuse of Position of Trust. Following a not guilty plea, a trial was held at the Central Criminal Court, which ran between 15 February 2016 and 29 February 2016. At the conclusion of the trial, Roshan Persad was found guilty on all counts.
10. At sentencing on 29 April 2016, Recorder Karim Khalil QC sentenced Roshan Persad to a custodial sentence of two years and eight months, after hearing evidence from his Barrister that since his conviction he had accepted his responsibility for the fraud, which he blamed on a serious gambling addiction, for which he was undergoing treatment.
11. A Proceeds of Crime investigation, led by the City of London Police is underway, with a timetable in place for confiscation and compensation hearings. It was understood from Roshan Persad at court during sentencing that he is selling the family home and will be repaying the monies defrauded from the City of London Corporation from the proceeds of the sale.
12. The sentencing featured in a short factual report in the London Evening Standard on 3 May 2016, a copy of which is included as Appendix 1 to this report.

Cash Handling Control Environment

13. Following the identification of this fraud, Internal Audit undertook a review of income collection activities, organisation wide. It is Internal Audit's view that there are no systematic weaknesses in generic cash controls across the City. However, income collection, and particularly cash collection, has an inherent risk of fraud and theft and, therefore, any income collection system, where cash is involved, can never provide absolute protection against fraud and loss, particularly where individuals set out to mislead intentionally. Ultimately, there are limitations on the extent of risk mitigation measures that are possible where significant amounts of cash income are handled through local cash collection arrangements. Reducing significantly the extent of cash payments made at City of London sites presents the most effective means of managing this risk. At the City's markets, no cash payment of more than £100 is now permitted.
14. A number of recommendations were made following the review of income collection activities that have since been implemented, in order to improve the control framework surrounding the handling of income; these recommendations are detailed below;

- I. Cessation of cash acceptance for rent or service charge payments.
- II. A policy requirement for all City of London employees to take at least one full weeks leave annually.
- III. Separation of duties in cash handling activities across all functions.
- IV. Clear and detailed record keeping of receipts of cash collections made by the City's cash collection contractor.
- V. Mandatory finance training for all administrative staff carrying out finance related functions, organisation wide.
- VI. Mandatory Fraud Awareness E-learning training course for completion by all City of London Corporation employees.
- VII. Updates to the Finance Manual.

15. These recommendations were agreed with management and reported to the Committee on 11 December 2013. Subsequent audit follow-up work has confirmed that agreed recommendations have been implemented with a further report made to this Committee on 4 November 2014.

Conclusion

16. This was a sophisticated and premeditated fraud, committed by the former Administration and Operations Manager at Billingsgate Market, Roshan Persad. Detailed financial investigation discovered that £108,000 was stolen throughout duration of this fraud.

17. A proceeds of crime investigation has identified that Roshan Persad has capital assets that cover the value of the monies stolen through this fraud, A timetable has been set for compensation and confiscation hearings in relation to the proceeds of crime investigation and it is expected that the City of London Corporation should be able to recover the money stolen by Roshan Persad.

18. Following a crown court trial at the Central Criminal court in February 2016, Roshan Persad was found guilty on all counts and sentenced to a custodial term of two years and eight months.

19. A number of recommendations have been implemented in order to improve controls surrounding income collection activities since the discovery of this fraud.

Appendices

Appendix 1: London Evening Standard Report

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