

AUDIT PANEL			
Report Title	UPDATE REPORT ON THE WORK OF THE ANTI-FRAUD AND CORRUPTION TEAM (A-FACT)		
Key Decision	NO		Item No. 3
Ward	ALL		
Contributors	EXECUTIVE DIRECTOR FOR RESOURCES		
Class	Part 1	Date: 19 MARCH 2008	

## 1 Purpose of the Report

The purpose of this report is to present the members of the Audit Panel with an update on the work carried out by the Anti-Fraud And Corruption Team (A-FACT).

## 2 Recommendations

Members are recommended to note the report.

## 3 Benefit Investigations

- 3.1 The Benefit Investigations team Investigates fraudulent claims for benefit. Lewisham Council pays out over £100 million in Housing Benefit each year.

In the year 2007/08 the team has so far:

- successfully prosecuted 20 claimants who were falsely claiming Housing Benefit.
- a total of 40 individuals have been issued with administrative penalties (this is a 30% increase in the overpayment that has to be repaid),
- a total of 104 claimants have been issued with, and accepted, formal cautions where they must admit the offence and repay the monies. Formal cautions are recorded by the Department for Work and Pensions and taken into consideration should the claimant commit another offence that breaches the Social Security Act'
- successfully applied for and been granted 3 compensation orders under the Proceeds of Crime Act which will allow the Authority to seize assets from the convicted parties to the value of the orders.

- 3.2 The total amount of the over claimed benefit identified so far in 2007/08 is £395k and the total value of the administrative penalty charges that have been issued amounts to £164.5k.

## **4 Housing Investigations**

- 4.1 The Housing Investigations Team investigates council tenancies that have been unlawfully sublet or obtained by deception. They also look at false housing applications, and right to buy and cash incentive scheme fraud.
- 4.2 In the last year they have recovered a total of 39 tenancies which had been unlawfully sublet. In addition 14 Housing Applications have also been withdrawn after the team established that they contained false information.
- 4.3 The team have also identified and proved the abandonment of two properties and following investigations by the team, action has been taken to remove three unauthorised occupiers from tenancies.
- 4.4 No set value has ever been established for a council tenancy but each property is obviously a very valuable public asset.

## **5 Special Investigations**

- 5.1 The Special Investigations team investigates all other allegations of fraud and corruption within and against Lewisham. This includes issues involving employees, contractors, or clients where there has been an attempt to fraudulently gain Council funds or assets. Many of the cases investigated by Special Investigations do not have a clearly definable money value. However some examples dealt with in the past year have been listed for your information.
  - Special Investigations have taken action to stop the fraudulent use of two blue disabled parking badges. Had these badges continued to be used by, say commuters wishing to park near the station, it is reasonable to suggest that over £2,000 a year would be lost from parking revenue for each badge misused.
  - Over 500 pre-employment checks on potential employees applying for high risk posts were undertaken. These include staff dealing with vulnerable people or those able to allocate a service or processing payments. These checks have resulted in offers for employment being withdrawn in some instances. One applicant for the post of a Finance Officer was found to have arrears of rent and council tax, totaling £1,800, due to the Council. There were also inconsistencies with an application for Housing they had submitted. This person was due to commence employment with the Council on a salary in the region of £30k.
  - An application for a school place was investigated and lead to action being taken against a landlord who owed Council Tax on a number of properties, totaling some £28k. Without the action of Special Investigations the link between the various properties would not have been established.

- Special Investigations successfully traced a former employee of the Council who had left owing £18k and had previously proved untraceable. The money is being recovered from the former employee.
- In one case an agency worker was found to have forged a signature to enable them to make false claims for work that was not done. The agency accepted liability for the fraud and they have reimbursed the council £25k.

5.2 Several other high value cases are currently subject to legal action and therefore can not be reported until the prosecutions are concluded. In all cases the council seeks to recover the fraudulently obtained monies and in many instances A-FACT assists other departments in tracing debtors to this end.

## **6 Legal Implications**

There are no legal implications arising directly from this report.

## **7. Financial Implications**

There are no financial implications arising directly from this report.

## **8. Equalities Implication**

There are no specific equalities implications arising directly from this report.

## **9. Crime and Disorder Implications**

There are no specific Crime and Disorder implications arising directly from this report.

## **10. Environmental Implications**

There are no specific environmental implications arising directly from this report.

### Background Papers

If there are any queries on this report please contact the Head of Audit and Risk 0208 314 9114

