

AUDIT PANEL			
Report Title	ANTI FRAUD AND CORRUPTION TEAM UPDATE REPORT		
Key Decision	NO		Item No. 4
Ward	ALL		
Contributors	EXECUTIVE DIRECTOR FOR RESOURCES		
Class	Part 1	Date: 12 MARCH 2009	

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 of the Anti-Fraud and Corruption Team (A-FACT).

2 Recommendations

It is recommended that the Audit Panel note the report.

3 Benefit Investigations

- 3.1 Since April 2008 amendments to the Welfare Reform Act have allowed Local Authorities to investigate and prosecute offences in relation to Department for Work and Pensions (DWP) benefits, such as Income Support. This extension of the Council's powers is just beginning to filter through to the results of the A-FACT.
- 3.2 The team has recently forged stronger links with other agencies such as the UK Border Agency and the DWP in order to undertake specific anti-fraud drives. Although the anti-fraud drives undertaken to date have had limited results from the point of view of the Benefit Investigators, useful intelligence has been exchanged and a good working relationship with these agencies has been established.
- 3.3 Results for the period October to December 2008 were better than anticipated and made up for the weaker performance in the previous quarter. In this period the Benefits Investigators have:
 - successfully prosecuted two claimants who were falsely claiming Housing Benefits
 - issued eight individuals with Administrative Penalties (this is a 30% increase in the overpayment of benefit that has to be repaid)
 - issued a total of thirty claimants with formal cautions where they must admit the offence and repay the over paid benefit. All of the cautions were accepted by the claimants.

The table below shows the teams performance for the first nine months of the year:-

Period	Admin. Penalties	Cautions	Prosecutions	Total Sanctions
Apr - June	4	21	2	27
Jul – Sept	1	8	4	13
Oct - Dec	8	30	2	40
Totals	13	59	8	80

4 Special Investigations

4.1 During the period October to December 2008, Special Investigations have conducted 25 investigations. These have produced a variety of outcomes including:-

- conclusion of project to cancel 170 Blue Badges which have been found to relate to deceased people. Previously the Council relied on the next of kin notifying deaths of Blue Badge holders in order that the badges could be cancelled. This resulted in some Blue Badges being used fraudulently. New internal controls of updating council records will reduce this opportunity.
- Two Blue Badge holders have also been reminded of the terms & conditions of the badges use.
- Investigated fraudulent transactions charged to a senior officers credit card. The credit card company has agreed to refund queried charges.
- Theft of petrol – Recommendations for stricter controls and security now implemented.
- Allegation regarding the immigration status of an employee was fully investigated and found to be malicious and without any substance.

4.3 Special Investigations are currently managing the following caseload

	April to Sept. 08	Oct. to Dec. 08
Cases b/fwd	101	95
New Cases	39	13
Closed Cases	45	25
Current Caseload	95	83

4.4 The caseload includes cases that are currently under investigation and those that are waiting to be investigated. The caseload is monitored on a regular basis and, where it is felt necessary, the A-FACT Manager obtains additional resources to assist the Special Investigations team.

5 Housing Investigations

- 5.1 In early 2008 Lewisham Homes took the decision not to renew the service level agreement (SLA) for the investigation of Housing Fraud. This led to the TUPE transfer of two of the Council's Housing Investigators to Lewisham Homes from the 6th October 2008. Any referrals of potential housing fraud relating to properties managed by Lewisham Homes received by A-FACT since the transfer have been passed to Lewisham Homes to investigate.
- 5.2 Since the transfer the two offices have been conducting a programme of occupancy checks which has led to the recovery of some properties. However, one of the investigators has now secured a post with another London Authority and left Lewisham Homes' employment at the end of February 2009. Around the same time, Lewisham Homes published a reorganisation paper proposing the deletion of the two Housing Investigation posts. It is understood that basic level investigations will be undertaken by Lewisham Homes' Housing Officers with the likelihood that the more complex cases will be passed to an external agency to investigate. The Council's A-FACT Manager is in the process of seeking further clarification from Lewisham Homes on its proposed reorganisation.
- 5.3 Lewisham Homes have been requested to provide monitoring statistics to A-FACT to enable the Council to keep track of the number of properties recovered and prosecutions made, as well as providing an update on the progress has been made on the cases referred to them, but at the time of publication the statistics had not been received.
- 5.4 One member of the former Housing Investigations Team, the Housing Investigations Manager, has been retained within the A-FACT to undertake the more complex investigations that tend to be generated from the Housing Options Centre and Homelessness cases. This officer has been able to bring a successful conclusion to a number of cases that had been started by her former colleagues prior to their transfer to Lewisham Homes, as well as undertaking her own work.
- 5.5 During the period October to December 2008, thirteen cases were successful concluded.
- 2 housing applications withdrawn or rejected
 - 3 cases of abandonment were proved
 - 6 cases of subletting proved, resulted in the properties being recovered
 - 1 case of a fraudulent mutual exchange was proved
 - 1 unauthorised occupant was proved with the property being recovered.

6 Operation Sterling

- 6.1 As previously reported, A-FACT has a Detective Constable from the Metropolitan Police Service (MPS) seconded to the team as part of an initiative called Operation Sterling. He is currently leading on a number of investigations that A-FACT have in progress. Whilst these cases are yet to come to trial, the Council is confident it will secure convictions. The assistance this police officer has been able to give to A-FACT has already proved invaluable.

6.2 Below is a brief outline on two of the cases he is investigating:-

- Case 1 - Housing benefit fraud – Estimated value £25k - £30k

A full search of Police databases, immigration, passports and fraud databases revealed the suspects lifestyle, accounts, addresses, offences and associations . It was discovered that the MPS Fraud Squad had their own enquiry in progress on our suspect.

Two meetings were organised between MPS and A-FACT to discuss and exchange information, and to plan an operation to arrest the suspect. The suspect was arrested by MPS and charged with offences relating to MPS's enquiry.

The suspect was located in prison, and a prisoner production order was applied for and granted. MPS Fraud Squad Officer and an A-FACT investigation then attended the prison and arrested the suspect for the Lewisham fraud offences. Transportation was organised for the suspect to attend the Police Station where they were interviewed under caution, where they admitted to the fraud against Lewisham Council. We are currently awaiting for the charges to be prepared by the Council's Legal Team. The suspect has been remanded in custody.

- Case 2 - Housing Benefit / Department for Work and Pensions (DWP) cross border fraud - Estimated value in excess of £100k

A major obstacle in the investing of this case was that the suspect was claiming the matter to be a case of mistaken identity. The Detective Constable was able to liaise with the MPS Fraud Squad and Fingerprint Branch, and the Crown Prosecution Service, regarding the legality of obtaining the suspects fingerprints and then comparing them with the set given to the Police as part of their own fraud enquiries. This was an important part of the investigation as it would help prove whether or not there was a case of mistaken identity or the suspect was indeed the person who had committed the fraud against the Council.

After extensive enquiries and liaison with the above agencies, this action was deemed to be legal, but relied on the suspect voluntarily providing their fingerprints, which she agreed to do at a Police Station. These prints were compared with the set held by the MPS Fraud Squad as part of their fraud enquiry and they have proved to be that of the same person. The case has been passed to the Council's Legal Team to prepare the prosecution.

7 Legal Implications

There are no legal implications arising directly from this report.

8 Financial Implications

There are no financial implications arising directly from this report.

9 Equalities Implication

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

10 Crime and Disorder Implications

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

11 Environmental Implications

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

Background Papers

None

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