

AUDIT PANEL			
Report Title	ANTI FRAUD AND CORRUPTION TEAM (A-FACT) UPDATE		
Key Decision	NO	Item No. 4	
Ward	ALL		
Contributors	Interim Head of Audit & Risk A-FACT Group Manager		
Class	Part 1	Date: 23 March 2011	

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 this report and accompanying appendix.

3 Special Investigations

3.1 Demand for Special Investigations work continues to be high. This work includes employment related cases, work for Lewisham Homes and other investigations. These investigations are ongoing and the outcomes will be reported as soon as possible. The A-FACT manager reports regularly to the Council's Executive Director for Resources and Lewisham Homes management. In addition for 2011/12 A-FACT are proposing to work more closely with each of the Executive Directors to ensure we are prioritising investigations effectively in line with the Council's policy of zero tolerance for fraud or corruption and the service priorities of directorates. The Internal Control Board will also receive reports on the work of A-FACT, thereby bringing together the risk based work of both A-FACT and internal audit.

2010/2011 Special Investigations Cases					
	B/fwd	New Cases	Closed cases	Balance	Prior year (2009/10) balance
April	97	18	7	108	82
May	108	12	12	108	86
June	108	40	35	113	103
July	113	8	3	118	107
August	118	83	12	189	107
September	189	9	3	195	98
October	195	21	23	193	92
November	193	9	12	190	110
December	190	13	3	200	110
January	200	6	12	194	104
February	194	12	40	166	102

Employment related cases

3.2 In the last four months the Special Investigation section has dealt with the following cases:

- Employee received a Final Written Warning for failing to declare her true circumstances on an application for benefit fraud. She also accepted an Administrative penalty for the benefit offence.
- Former agency employee has pleaded guilty in court to defrauding Lewisham Council of £21,000. This matter has been adjourned until 24th March for pre-sentencing reports.
- One case where the employee resigned during the investigation so the matter was not pursued.

Lewisham Homes

3.3 The section have also been continuing the work they are undertaking for Lewisham Homes and have secured an agreement for this role to continue next year.

3.4 Cases recently referred to A-FACT-

- Employee had drawn cash totalling £750 using the Lewisham Homes Corporate credit card. A-FACT were able to obtain CCTV records using the seconded Detective Constable's Police powers. The CCTV identified the culprit who admitted the offence when confronted. The employee subsequently resigned.
- A number of cash payments over £1,000 have been referred to A-FACT to establish whether these cash payments are linked to other fraud or money laundering. So far none of these have proven fraudulent.

3.5 Special Investigations received 26 referrals regarding possible subletting, tenancy fraud and/or benefit fraud. Of these:

- three were referred to Housing Benefits
- six referred to Housing Investigations
- 15 remained with Special Investigations, eight of which have been resolved.
- two referrals relate to properties within the Regenta B3 contract. (These were highlighted by Lewisham Homes as there are connections to their properties. Special Investigations are awaiting agreement from Regenta management prior to the commencement of any investigation.)

3.6 Special Investigations now have access to the complete records regarding tenancies recovered by Lewisham Homes and can confirm that 60 fraudulent tenancies have been recovered since Oct 2009. Of these approximately 47 relate to the current financial year.

Blue Badge Fraud

3.7 The team has been successful in bringing a prosecution against a Catford man who used a relative's Blue disabled parking badge whilst they were not present to park at Heathrow Airport. He was fined £100 and an order for costs of £50 made.

Other work

- 3.8 Special Investigations have dealt with two enquiries from other organisations in relation to fraud and investigated a further 13 cases which either did not warrant further investigation or could not be proved. They have provided general fraud advice and information in three cases where thefts or frauds had been attempted.
- 3.9 In one case several Lewisham employees were concerned that an aggrieved member of the public was attempting to obtain funds from their personal PayPal accounts. Special Investigations was able to demonstrate that their accounts were still secure and provide general anti-fraud advice to protect these employees.
- 3.10 The Special Investigation team is working with the last set of the previous National Fraud Initiative (NFI) data, focusing on Single Person Discount fraud. The most recent NFI data has just come in and will be reviewed in the coming months.

4 Benefit Investigations

- 4.1 Between April 2010 and February 2011 the team issued a total of 132 sanctions, including 21 prosecutions, with a total fraudulent overpayment value of £755,414.

2010/11 Benefit Investigation Cases					
	B/fwd	New cases	Closed cases	Balance	Prior year (2009/10) balance
April	416	20	95	341	359
May	341	46	48	339	385
June	339	73	56	356	405
July	356	40	30	366	405
August	366	44	39	371	412
September	371	36	55	352	447
October	352	29	26	355	444
November	355	32	52	335	473
December	335	44	36	343	488
January	343	161	68	436	536
February	436	19	40	415	515

- 4.2 One recent success was:

A 32 year old benefit cheat was jailed after falsely claiming more than £30,000 of Housing Benefit and Income Support between February 2008 and June 2009.

The individual began his job in September 2007 but later claimed the benefits using another name which he had previously changed by Deed Poll. He was caught when a data matching exercise showed that two different people were using the same national insurance number at the same address and that one was claiming benefits.

He pleaded guilty to two offences under the Social Security Administration Act at Greenwich Magistrates Court. In sentencing, the judge said that due to the aggravating features, such as the length of time that he was illegally claiming benefits and the use of Deed Poll, a jail sentence was inevitable. He was sentenced to 22 weeks – 11 weeks in prison and 11 to be served doing Community Service.

- 4.3 The team working on Housing Benefit Investigations is directly impacted by the Government's announcement about the creation of a single national investigation force to be led by the Department for Work and Pensions. From April 2013 the Council will no longer be providing this investigation service. Proposals to meet this change were included in the Phase 2 RES35 savings proposal agreed as part of the 2011/12 budget setting process.

5 Housing Investigations

- 5.1 Referrals of potential fraud relating to homelessness and housing applications have remained steady and are dealt with by one dedicated officer in the team.

2010/11 Housing Investigation Cases					
	Cases b/fwd	New Cases	Closed Cases	Current Caseload	Prior year (2009/10) balance
April	59	5	0	64	37
May	64	2	0	66	41
June	66	6	6	66	46
July	66	7	2	71	44
August	71	8	4	75	52
Sept	75	5	2	78	53
October	78	2	4	76	50
November	76	5	9	72	53
December	72	3	9	66	49
January	66	5	4	67	48
February	67	7	4	70	53

- 5.2 One recent success was:

A woman claiming to be homeless who applied for housing has been successfully prosecuted.

The woman applied to the Council for housing in December 2009. On her application she stated she did not own any property.

In her original application she informed the Council that she had been living with her sister but her sister could no longer accommodate her as she required the room for her daughter who was returning home. In support of her application for housing, she provided a notice to quit from her sister and documents to prove her place of residency. Whilst her application for housing was being processed she was allocated temporary stay accommodation in Lewisham.

Checks against HM Land Registry records conducted as part of the housing investigation process revealed that she was registered as the joint owner of a property in Ilford, Essex. Further checks also revealed she was the sole owner of a property in Chadwell Heath, Essex.

She was interviewed on two occasions regarding her housing situation. On both occasions she denied that she owned any property. Following further investigations she was charged with one offence under section 214(1) of the Housing Act 1996 in that she knowingly made a false statement with the intent of inducing the local authority to believe that she was entitled to accommodation or assistance under their statutory duties.

Although she failed to appear at Greenwich Magistrates' Court on 17 November she was found guilty in her absence by the court. She was fined £2,000 and ordered to pay costs of nearly £1,500.

6 Fraud Awareness Training

- 6.1 A-FACT has provided training to the Lewisham Homes Board of Directors on their Anti Fraud and Corruption Strategy including the Bribery Act, Money Laundering and an awareness of document fraud.
- 6.2 Detailed document verification training has also been provided to front line Lewisham Homes staff, Directorate based Human Resources and to the Housing Options Centre.

7. Publicity

- 7.1 The two episodes of the BBC programme Saints and Scroungers have now been aired on the 14th and 25th January 2011. Feedback on both stories has been positive.
- 7.2 Three press releases have just been released for the recent prosecutions undertaken by the team. These are included at Appendix A for reference.
- 7.3 The team has continued to advertise the 'report Fraud Hotline 0800 0850119' on the electronic messaging board outside the Town Hall.

8 Legal Implications

There are no legal implications arising directly from this report.

9 Financial Implications

There are no financial implications arising directly from this report.

10 Equalities Implication

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

11 Crime and Disorder Implications

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

12 Environmental Implications

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

13 Background Papers

There are no background papers reported.

If there are any queries on this report, please contact

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Appendix A

A-FACT Press releases – December 2010 to February 2011 attached as separate .pdf file