

AUDIT PANEL		
Report Title	ANTI FRAUD AND CORRUPTION TEAM (A-FACT) UPDATE	
Key Decision	NO	Item No. 6
Ward	ALL	
Contributors	Interim Head of Audit & Risk A-FACT Group Manager	
Class	Part 1	Date: 12 September 2013

1. Purpose of the Report

- 1.1. The purpose of this report is to present the Audit Panel with a review of the work of the Anti-Fraud and Corruption Team (A-FACT) in the last period.

2. Recommendations

- 2.1. It is recommended that the Audit Panel note this report for information.

3. Special Investigations

- 3.1. Details of work and comparative figures for the same period in the prior year are shown below, along with the previous two full year figures for reference.

Summary of special investigations work	2013/14	2012/13	Change		2012/13	2011/12
	P4 YTD	P4 YTD	Number	%	FY	FY
b/f	41	32	9	28%	32*	84
New	28	32	-4	-13%	103	61
Closed	(29)	(18)	11	61%	-94	-115
c/f	40	44	-6	-13%	41	30
Of which						
E'ee cases	8	11	-3	-27%	35	53
- resulting in action	4	2	2	100%	21	20
Other cases	21	7	14	200%	59	62
- resulting in action	4	0	4	400%	13	10

* corrected figure (two added)

- 3.2. The majority of the cases classified as "Other" relate to enquiries to assist other organisations or Boroughs with their investigations. The four which resulted in action for Lewisham included:

- Prosecution for the fraudulent use of a Blue Parking Badge resulting in a £200 fine, £200 costs and a £20 victim surcharge payment. It is estimated by the National Fraud Authority that a Blue badge has a notional value of £825 per year.
- Action against the daughter of a Lewisham Pensioner who had failed to inform the Council that her mother had died. A-FACT was able to prove that the Lewisham Pensioner had died earlier than the daughter claimed but due to the daughters age and poor health the case was not deemed suitable for prosecution. She will however have to repay the overpaid pension.

- 3.3. The increased focus on those cases likely to obtain results has continued to improve the teams success rate.

Employee Related cases

- 3.4. Of the 29 cases closed 8 concerned employees. Of these employee cases 4 concluded with action being taken. The form that action took is detailed below:

Analysis of employee fraud	2013/14	2012/13	Change		2012/13	2011/12
	P4 YTD	P4 YTD	Number	%	FY	FY
Dismiss. & Convicted	0	0	0	0%	2	2
Convicted & recommended disciplinary action	0	0	0	0%	1	
Resigned/Dismissed	1	1	0	0%	5	9
Other disciplinary	2	1	1	100%	3	8
Monies repaid	0	0	0	0%	1	0
Management action	1	0	1	100%	6	1
Identity issue cleared	0	0	0	0%	3	0
Total	4	2	2	100%	21	20

- 3.5. The four cases where action was taken included:
- A senior officer at a school who received an appropriate sanction for a number of financial irregularities.
 - An employee who misused a Blue Badge to park in the Laurence House car park received an appropriate sanction.
- 3.6. Quarterly reports continue to be issued to each Executive Director with a summary of all cases being dealt with by Special Investigations in their Directorate. This ensures that the risk of fraud is considered in the context of the demands of the service, priorities are agreed, and progress on investigations communicated.

Lewisham Homes

- 3.7. A-FACT continues to undertake investigation work on behalf of Lewisham Homes under a Service Level Agreement. This equates to just under one full time equivalent member of staff and a proportion of the police officer's time. The outcome of these investigations is reported by Lewisham Homes to their Audit Committee.

Pre-employment Checks

- 3.8. A-FACT support Human Resources by undertaking part of the Council's recruitment checks. Each potential employee of the Council is required to complete a pre-employment check focusing on any issues relating to benefits, council tax, rent and personal business interests which may cast doubt on the individual's integrity or potential conflicts for their work going forward.

Summary of pre-employment checks	2013/14	2012/13	Change		2012/13	2011/12
	P4 YTD	P4 YTD	Number	%	FY	FY
Checks completed	72	97	-25	-26%	246	334
Action taken	3	4	-1	-25%	16	21

- 3.9. In the three cases where action was required to confirm the declarations made all were subsequently resolved satisfactorily.

4 Benefit Investigations

- 4.1 Details of work and comparative figures for the same period in the prior year are shown below, along with the previous two full year figures for reference.

Summary of benefit investigations work	2013/14	2012/13	Change		2012/13	2011/12
	P4 YTD	P4 YTD	Number	%	FY	FY
b/f	210	349	-139	-40%	349	381
New	160	100	60	60%	304	264
Closed	79	230	-151	-66%	443	-296
c/f	291	219	72	33%	210	349
Sanctions resulting	22	25	-3	-12%	78	84
Of which						
Admin penalty	0	3	-3	-100%	7	11
Caution	13	16	-3	-19%	54	52
Prosecution	9	6	3	50%	17	21
Overpayment value £	225,473	253,873	-28,400	-11%	616,761	640,355

- 4.2 There have been nine prosecutions in the period April to July. A-FACT are hoping to do a press release on a number of these cases in the near future, subject to agreement from Communications.

- 4.3 There has been no further update on the formation of the Single Fraud Investigation Service which was meant to bring together the work of the DWP, HMRC and Local Authority benefit fraud teams. This was meant to happen from April 2013 originally and at present the back stop is the completion of the rollout of Universal Credit in 2017/18.

5 Housing Investigations

- 5.1 Details of work and comparative figures for the same period in the prior year are shown below, along with the previous two full year figures for reference.

Summary Housing investigation work	2013/14	2012/13	Change		2012/13	2011/12
	P4 YTD	P4 YTD	Number	%	FY	FY
b/f	76	48	28	58%	48	72
New	19	19	0	0%	105	66
Closed	(68)	(28)	40	143%	-77	90
c/f	27	39	-12	-31%	76	48

Summary Housing investigation work	2013/14	2012/13	Change		2012/13	2011/12
	P4 YTD	P4 YTD	Number	%	FY	FY
Resulting in action	5	7	-2	-29%	24	18

- 5.2 The large number of closed cases is due to the near completion of a proactive project looking at new applications for housing on the basis of overcrowding. This involved looking at 117 applications for housing on the grounds that the applicants were residing in overcrowded accommodation and who had presented for housing following Lewisham's new Housing Allocation policy which came into effect on the 29th October 2012. The project's objective was to assist the Housing Register Team in a gatekeeper role to prevent those applicants who were not eligible for housing being accepted onto Lewisham Housing register. To date 108 of these cases have been accepted on to the Lewisham Register with one proven as fraud, and a further seven still under investigation.
- 5.3 Since the last report, five cases have been successfully concluded. These relate to four fraudulent homelessness applications and one fraudulent Housing register application.
- 5.4 The Audit Commission have stated that there is a significant value associated with recovering tenancies and preventing fraudulent applicants from being housed. They estimate that the average cost of temporary accommodation for a family for a year is £18,000. On this basis A-FACT have either recovered or prevented tenancies being wrongly allocated in five cases, representing a saving of £90,000.

6 DCLG Housing Bid funding

- 6.1 Since January 2012, using DCLG funding A-FACT have an additional investigator to work with local housing partners to tackle fraud related to social housing. Work is being directed by Strategic Housing (Customer Services) and delivered by A-FACT working in Lewisham and with the South East London Housing Partnership (SELHP).
- 6.2 In the last period five properties were recovered following work with L&Q and Regenter B3/Pinnacle. Importantly, from this work Lewisham also earns the nomination rights on these properties. There are also a number of cases due to be completed in the coming months, once eviction notices are served etc..
- 6.3 On the basis of the Audit Commission figures for the value of social housing, as detailed in para 5.3, the recovery of five tenancies equates to £90,000.
- 6.4 Following the successful work noted above, the London Borough of Lewisham has secured funding of £100k annually from the DCLG to continue this project in 2013/14 and 2014/15. A-FACT have worked with SELHP and are currently in the early stages of agreeing to work with Family Mosaic and Hexagon Housing to tackle subletting across the region.

7 Publicity

- 7.1 A-FACT has not issued any press releases in this period. However, they have been filming for the forthcoming Saint & Scroungers TV series. This builds on the positive feedback from participation in a previous series.

8 Fraud Awareness Training

- 8.1 Although A-FACT have not delivered any training sessions in this period they have a number of sessions scheduled over the summer and early autumn. These include general Fraud Awareness session for new employees at their induction event and

more training for our housing partners, at the request of SELHP and delivered on a chargeable basis.

9 Metropolitan Police Seconded

- 9.1 Detective Constable Norris is on secondment to A-FACT from the Metropolitan Police.
- 9.2 As Lewisham A-FACT have become more proficient in securing prosecutions, we have started to uncover more sophisticated frauds which require the powers of arrest and search in order to be addressed effectively. The Police Seconded continues to enable the team to deal with cases that we wouldn't otherwise be able to progress.

10 Legal Implications

- 10.1 There are no legal implications arising directly from this report.

11 Financial Implications

- 11.1 There are no financial implications arising directly from this report.

12 Equalities Implication

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

13 Crime and Disorder Implications

- 13.1 There are no crime or disorder implications arising directly from this report

14 Environmental Implications

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

15 Background Papers

- 15.1 There are no background papers reported.

If there are any queries on this report, please contact
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