

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: 23 November 2011

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 quarter.

2. Recommendations

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

3. Special Investigations

- 3.1. During the period August to October 2011 the Special Investigations section received 64 new allegations or enquiries relating to fraud and/or irregularity, an average of 21 per month. This is slightly up on the period April to July which averaged 19 per month.
- 3.2. During the period August to October 2011 the section completed 95 cases, an average of 31 cases per month. This compared to an average of 28 cases per month being closed in the previous four months. A further 71 cases are still in progress. These figures include Lewisham Homes cases but exclude pre-employment checks undertaken (see 3.5 below).
- 3.3. Examples of cases recently been brought to a conclusion include:
 - The Council's Web monitoring software has been used to identify two cases where non-productive use was suspected. Informal warnings were issued to staff which resulted in a significant improvement in usage.
 - A former claims based Youth Worker was prosecuted for benefit fraud and resigned from her post when challenged about her conduct.
 - Day Service Officer at Leemore Day Centre found to be working for Lewisham Council and the London Borough of Richmond-upon-Thames at the same time. Immediately following her interview with Special Investigations she tendered her resignation, which was accepted.
- 3.4. Regular reports continue to be issued quarterly 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.

Pre-employment Checks

- 3.5. A-FACT support Human Resources by undertaking a part of the recruitment checks. Each potential employee of the Council is required to complete a pre-employment check form which focuses on any issues relating to benefits, council tax, rent and personal business interests which may cast doubt on the individuals integrity. In the

period August to October 113 checks were undertaken, including 28 for Lewisham Homes. This compared to 73 in total for the period April to July.

- 3.6. These checks found three cases where the applicant had other business interests or company directorships, and one with rent arrears. All these applicants went on to be recruited once the Council's requirement for whole time service had been confirmed or agreement to pay the arrears as part of their probation terms had been confirmed.

4. Benefit Investigations

- 4.1. During the period August to October the Benefit Investigation section has secured 5 sanctions, 4 of which have been prosecutions. Prosecution action is only taken against the most serious cases and take significantly longer to prepare. The total value of the overpayments for the period, including Income Support, is £112,829. On recovery this represents a saving to the public purse.
- 4.2. The teams level of referrals increased slightly during the period from August to October 2011 with 71 new referrals accepted for investigation. This is an average of 24 per month compared to an average of 19 per month in the period April to July. They completed 31 cases in the period August to October, an average of just over 10 per month compared to 32 per month in the previous period. This can partially be explained by the impact of annual leave at this time of year and that we have chosen to target more serious cases. A further 366 investigations are in progress.
- 4.3. In the last Audit Panel report it was reported that the Councils Benefit Investigation Team would be moving to the DWP Single Fraud Investigation Service as from April 2013. The DWP have now indicated that this is likely to be postponed until at least 2015. The DWP have stated an intention to confirm their position in November.

5. Housing Investigations

- 5.1. The team's Housing Investigation Practitioner investigates allegations of Housing and Homelessness application fraud and Cash Incentive Scheme payments against the London Borough of Lewisham. The investigation of tenancy fraud has been the responsibility of Lewisham Homes since October 2008.
- 5.2. During the period August to October 14 cases were passed for investigation, which was a slight decrease on the previous four months. The officer dealing with these cases completed has completed 41 cases in the year to date, compared to 35 cases for the whole of last year. There are currently 69 cases under investigation.
- 5.3. Of the 41 cases concluded 13 have resulted in successful outcomes. These include six cases where decant applications contained false information, one false application for housing on the basis of Homelessness, 6 six cases of sub-letting investigated and proved on behalf of Lewisham Homes, and one relating to the false succession of a tenancy.

6. DCLG Housing Bid funding

- 6.1. As reported previously, the DCLG has, as part of the Government's commitment to tackling social housing fraud, allocated Lewisham Council £100,000 in both 2011/12 and 2012/13 for tackling social housing fraud. 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). The DCLG have indicated that future funding may also be available for this work in 2013/14 and 2014/15.

- 6.2. Following discussions between Strategic Housing, SELHP and A-FACT, Lewisham has committed the first years funding of £100,000 to support two housing providers Pinnacle/Regenta and London & Quadrant in tackling housing fraud
- 6.3. The recruitment of a Housing Investigator to undertake this work has now moved forward with a provisional offer of employment having been made. Subject to satisfactory references the candidate is available to start immediately.

7. Publicity

- 7.1. A-FACT continues to publicise successful cases in the local press and the BBC programme Saints and Scroungers featuring Lewisham A-Fact has also been re-run on the Sky "Crime" channel.
- 7.2. A press release was issued on a benefit fraud case where the claimant had failed to declare her savings resulting in overpaid benefit of over £19,000. She was convicted on the 30 September of four charges of dishonesty and was sentenced to eight weeks in prison per charge to run concurrently suspended for 12 months. She was also ordered to attend a Structured Supervision programme and comply with a three month curfew between the hours of 8.30pm and 6.00am.
- 7.3. The team is planning to relaunch it's Stamp Out Fraud campaign and will be working with Communications on this project.

8. Fraud Awareness Training

- 8.1. In the period August to October A-FACT has provided two days fraud awareness training for Lewisham Homes.
- 8.2. Training is due to be provided to the new Decant team that will be dealing with Milford Towers. This will help ensure that only genuine tenants are considered for rehousing under this scheme.
- 8.3. A-FACT reissued a Fraud Alert reminding finance staff to be aware of attempts to fraudulently alter creditors bank details. Other local authorities have received forged documents claiming to be a supplier who needed their bank details changed. In one instance a Scottish Council lost £102,000 to this fraud. A-FACT will continue to issue reminders to remind staff to make independent checks into any such request.

9. Metropolitan Police Seconded

- 9.1. Detective Constable Norris who is on secondment from the Metropolitan Police continues to effectively contribute and enhance the work of the A-FACT by providing advice, assistance and applying Police powers where appropriate. His access to Police systems and intelligence and as an Accredited Financial Investigator continue supplement and enhance the skills of the team.

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 for this report.

If there are any queries on this report, please contact:

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