

AUDIT PANEL		
Report Title	ANTI FRAUD AND CORRUPTION TEAM UPDATE REPORT	
Key Decision	NO	Item No. 6
Ward	ALL	
Contributors	EXECUTIVE DIRECTOR FOR RESOURCES	
Class	Part 1	Date: 22 December 2010

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 Special Investigations have noted an increase in the number of referrals of staff fraud over the past three months. These investigations are ongoing and the outcomes will be reported as soon as possible.

	B/fwd	New cases	Closed cases	Balance
April	97	18	7	108
May	108	12	12	108
June	108	40	35	113
July	113	6	3	116
August	116	82	12	186
September	186	7	3	190
October	190	19	23	186

Employment related cases

- 3.2 In the last three months the Special Investigation section has brought the following cases to a conclusion.
- Employee dismissed during probationary period for providing false information on his application for employment to cover up his involvement in a Housing Benefit fraud.
 - Two cases where suspect identity documents were flagged with A-FACT but in both cases it was possible to establish that the issues were down to official error when the ID's were issued and that the identities could be verified.
 - Two cases where the employee resigned during the investigation so the matter was not pursued.

Other work

- 3.3 Special Investigations have dealt with eight 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 advice and information in two cases of attempted standing order fraud against school bank accounts. 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.

Blue Badge Fraud

- 3.4 The team has been successful in bringing a prosecution against a Catford man who used his mothers Blue disabled parking badge in order that he could park his transit van for free whilst working as a builder in Hampstead. He was fined £200 and an order for costs of £385 made.
- 3.5 The section has also been undertaking a proactive exercise for Lewisham Homes by checking all rent accounts where the refund of a large credit has been requested, some 76 cases. This has identified some cases where money is owed to the teams within the council or been used as an indicator that the household may have more income than has been declared if they are in receipt of benefits.

4 Benefit Investigations

- 4.1 Between April and October the team issued a total of 62 sanctions, with a total fraudulent overpayment value of £328,288.

	B/fwd	New cases	Closed cases	Balance
April	416	20	95	341
May	341	46	48	339
June	339	73	56	356
July	356	40	30	366
August	366	44	39	371
September	371	36	55	352
October	352	29	26	355

- 4.2 Officers from the section have also been involved in the revision of the Housing Benefit application form to ensure Lewisham maintains a secure gateway against fraud at the point of claim.

- 4.3 One recent success was:

A benefit claimant who used her cousins name so that she could work at the same time as claiming benefits. Following an anonymous call to the DWP Fraud Hotline a joint investigation was undertaken by Lewisham Council and the Department for Works and Pensions (DWP).

Our investigations proved that she was using the other name for her work so she was arrested by the Detective Constable seconded to the team. When her property was searched further evidence was found including a work identity badge in her sister's name but with her photo. She was interviewed at Lewisham Police Station and admitted using the name of her cousin who was living abroad.

Lewisham Council prosecuted this individual for claiming both Housing & Council Tax Benefit and Income Support totalling £17,518. She pleaded guilty in Woolwich Crown Court on 20 October to 3 offences under S111A(1)(a) of the Social Security Administration Act and was sentenced to 12 months imprisonment suspended for 2 years and a Community Order to do 140 hours unpaid work.

5 Housing Investigations

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

	Cases b/fwd	New Cases	Closed Cases	Current Caseload
April	59	5	0	64
May	64	2	0	66
June	66	6	6	66
July	66	7	2	71
August	71	8	4	75
Sept	75	5	2	78
Oct	78	2	4	76

- 5.2 One recent success was:

A father submitted an application for housing stating that he and his child were homeless. He was allocated a two bedroom temporary stay property which he initially moved into but then vacated and approached a local letting agency about renting it out. The letting agency were unaware of the property being managed by Lewisham council and subsequently rented the property with an assured short hold tenancy agreement for £850:00 per month.

Investigations carried out within the team revealed that father and child had returned to the address in Birmingham where they had previously resided. The subtenants were interviewed and statement taken. Action is being considered against the Housing applicant and action to repossess the property is currently being taken.

6 Interception of Communications Commissioner's Office Inspection

- 6.1 Lewisham Council was recently inspected by the Interception of Communications Commissioner's Officer (IOCCO). The Council is permitted to obtain limited communications data for the purpose of the prevention and detection of crime or the prevention of disorder. This generally relates to the obtaining of landline/mobile/email/PO Box account subscriber details. The Anti-Fraud and Corruption is the main user of this legislation within the council.
- 6.2 The covering letter for the inspection stated that:

"overall the council emerged well from this inspection. Inspector Cairney was satisfied that the Council is acquiring communications data for the correct statutory purpose and importantly he found no evidence that the council's powers under Part I Chapter II of RIPA had ever been used for trivial offences."

7 Protecting the Public Purse 2010

- 7.1 On the 27th October 2010 the Audit Commission published their report Protecting the Public Purse 2010.
- 7.2 The report lists nine recommendations which we are responding to as follows:

Recommendation	Response
Continue to focus on the benefit fraud risks and use the National Fraud Initiative and other data matching schemes to maintain and improve their good performance in detecting benefit fraud.	The Audit Commission have stated that Lewisham have had some of the best outcomes in the country in respect of Housing Benefit matches. We aim to continue to develop this work subject to the DWP's proposals to take over benefit fraud investigation from 2013.
Work together in county areas to share costs and benefits of tackling council tax single person discount fraud	Not applicable to the London Borough of Lewisham.
Using our comparator tool to decide whether to take more action to tackle Single Person discount (SPD) fraud.	The data from the comparator tool has confirmed our suspicions of a likely level of SPD fraud. An exercise to address this has already commenced and will be progressed over the next few months. The Audit Commission estimate that based on their data Lewisham may be able to achieve an additional £508,890 in the first year by taking proactive action against fraudulent SPD claims
Check claims for other council tax discounts are not fraudulent	Whilst we are alive to this type of fraud particularly in relation to Student discounts we consider SPD to be the bigger problem and will therefore be prioritising it accordingly.
Make sure recruitment processes for permanent and temporary staff are secure, follow good practice and working effectively	We have worked closely with the Recruitment section and REED to develop a rigorous process. Within the Anti-Fraud & Corruption Team we have investigators that are highly skilled in the verification of identity documents we have also provided Fraud awareness and document verification training to those involved in recruitment.
For personal budgets in adult social care: <ul style="list-style-type: none"> - establish a clear policy, which is communicated to budget holders, on the appropriate use and unacceptable misuse of personal budgets; and - promote whistleblowing arrangements for staff, care providers and the public to encourage early identification of potential abuse. 	We have always looked at Direct Payment fraud but are now looking at developing this area of work in line with the increasing numbers of payments made under the personal budgets scheme. This will be an important area of work in the 2011/12 plan.
Use recent advice from CIPFA and the Office of Fair Trading on procurement to ensure they are doing enough to prevent and detect procurement fraud and other illegal activities such as	This is an area of work that will be included in next years plan.

Recommendation	Response
cartels	
Keep a comprehensive record of any frauds perpetrated against them	We already maintain comprehensive records however the reporting function of the case management system is poor. We therefore plan to procure a new system which better meets the teams' needs.
Use the checklist provided in this report to assess whether their counter-fraud plans and actions are effective in the light of the risks highlighted.	The checklist is being completed and will be used to prioritise management actions to strengthen the good Counter Fraud work already underway.

8 Publicity

- 8.1 A-FACT have been filming for the BBC programme Saints and Scroungers which will detail two of the teams successful prosecutions. These programs are due to be aired in the New Year.
- 8.2 Three press releases have just been released for the recent prosecutions undertaken by the team. These are included at Appendix A for reference.
- 8.3 The team has continued to advertise the 'report Fraud Hotline 0800 0850119' on the electronic messaging board outside the Town Hall.

9 Legal Implications

There are no legal implications arising directly from this report.

10 Financial Implications

There are no financial implications arising directly from this report.

11 Equalities Implication

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

12 Crime and Disorder Implications

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

13 Environmental Implications

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

14 Background Papers

There are no background papers reported.

If there are any queries on this report, please contact the Audit and Risk Manager on 020 8314 9114

Appendix A

AFACT Press releases – September to November 2010

Benefit cheat who used cousin's name prosecuted

A benefit cheat who used her cousin's name so that she could work at the same time as claiming benefits, has received a suspended jail sentence and a Community Order after a joint investigation by Lewisham Council and the Department for Works and Pensions (DWP).

An investigation into the benefit claims of Adebisi Pens-Erizia began after an anonymous call was made to the DWP anti-fraud hotline, saying that Ms Pens-Erizia, was already claiming benefits from Lewisham Council and the DWP while working for a healthcare recruitment agency in Wandsworth, under the name of Elsie Payne.

After a detailed investigation that checked information held in both names, Ms Pens-Erizia, of Mount Pleasant Road in Lewisham, was arrested at her home. She was subsequently interviewed at Lewisham Police Station and admitted to working in the name Elsie Payne, stating that the real Elsie Payne was her cousin, who lived abroad and had allowed her to use her name.

Miss Pens-Erizia fraudulently claimed £5,870.69 in Income Support from the DWP between December 2006 to July 2009 and £10,219.33 in Housing Benefit and £1,429.49 in Council Tax Benefit from Lewisham Council.

She pleaded guilty in Woolwich Crown Court on 20 October to 3 offences under S111A(1)(a) of the Social Security Administration Act and was sentenced to 12 months imprisonment suspended for 2 years and a Community Order to do 140 hours unpaid work.

Councillor Susan Wise, Cabinet Member for Customer Services, said: "This woman deliberately set about to fraudulently claim benefits – benefits that could have gone to someone else who legitimately needed them. We won't tolerate benefit fraud in Lewisham and will always prosecute those that try to cheat the system."

Lewisham Council's Anti-Fraud & Corruption Team works to counter fraudulent benefit applications. Suspected benefit fraud can be reported to the Council's fraud hotline in the strictest confidence. Call 0800 085 0119 or email reportfraud@lewisham.gov.uk.

Benefit cheat prosecuted for £18,000 fraud

A benefit cheat who defrauded over £18,000 has received a suspended jail sentence and a Community Order following a prosecution by Lewisham Council on behalf of the Department for Works and Pensions (DWP).

Avril Miller, of Flamingo Court, Deptford, was prosecuted for dishonestly claiming benefits whilst in full-time paid employment and failing to inform both the Council and the DWP.

Ms Miller, 40, pleaded guilty to six offences under sections 111A(1)(a) and 111A(1A) of the Social Security Administration Act 1992 at Greenwich Magistrates Court on 19 October. She was sentenced to 24 weeks imprisonment suspended for 2 years, 100 hours unpaid work and a £1,000 compensation order towards paying back the money that she fraudulently claimed.

Councillor Susan Wise, Cabinet Member for Customer Services, Lewisham Council, said: "This is a huge sum of money, fraudulently claimed. Lewisham Council will not tolerate people abusing the benefits system, which is there to help people in real need."

Miller pleaded guilty to working whilst in receipt of benefits. Over a 7-year period she worked full time for Greggs the Bakers in Deptford, rising to the position of Manager. She fraudulently claimed £11,252.13 in Housing Benefit and £2,310.25 Council Tax from Lewisham Council and £5,134.87 Income Support from the DWP.

The case came to light as a result of a data-matching exercise comparing Her Majesty's Revenue and Customs (HMRC) data of people working and benefit claimants. It was jointly investigated by Lewisham Council and the DWP.

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Jail for £18,000 benefit fraudster

DEPTFORD: A benefit cheat who stole thousands of pounds of taxpayers' money has been jailed. Avril Miller, 40, of Flamingo Court in Hamilton Street, was sentenced to two years in prison, 100 hours' unpaid work and ordered to pay £1,000 compensation at Greenwich Magistrates' Court. She admitted dishonestly claiming more than £18,000 in benefits while in a full-time job.

The case came to light after a data-matching exercise between Lewisham council and the Department for Work and Pensions, that compared Her Majesty's Revenue and Customs data of working people and benefit claimants.

Man prosecuted for using his mother's Blue Badge parking permit

A man who used his mother's Blue Badge Parking Permit on his Transit van so that he could park for free while he was working has been prosecuted by Lewisham Council.

Assheton Green, of Culverly Road in Catford, used his mother's permit to park in a disabled parking bay while he was working in Hampstead in May this year. The Metropolitan Police arrested and questioned Mr Green when they suspected something was not right after spotting the van in a disabled parking bay with the Blue Badge Permit in the window.

Mr Green pleaded guilty to one offence under s117 (1)(a) Road Traffic Act 1984 for parking in a disabled parking bay and displaying a disabled person's blue badge when he was not entitled to do so. He was fined £200 and an order for costs of £385.30 was made, plus a victim surcharge of £15.

The Metropolitan Police provided evidence to Lewisham Council that enabled the prosecution to be brought against Mr Green.

The fraudulent use of disabled Blue Badges in the Lewisham area can be reported on 0800 0850119 or at reportfraud@lewisham.gov.uk