

## **Audit and Assurance Committee**

**Date: 14 March 2017**

**Item: Half Yearly Fraud Report 2016/17**

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### **This paper will be considered in public**

#### **1 Summary**

- 1.1 The purpose of the half-yearly fraud report is to provide a summary of the work undertaken by the Fraud Team during the first half of 2016/17 (Periods 1 to 6).
- 1.2 Details of new and ongoing fraud cases investigated during the half year are included in the paper on Part 2 of the agenda.

#### **2 Recommendation**

- 2.1 **The Committee is asked to note the paper.**

#### **3 Anti-fraud and corruption activity**

- 3.1 Work carried out during the half-year that contributes towards delivery of the Anti Fraud and Corruption Strategy includes the following:
  - (a) We conducted 16 fraud awareness sessions including presentations to Travel Information Centre staff, Customer Contact Centre staff, the Station Works Improvement Programme (SWIP), Commercial Development staff and Crossrail tier two contractors.
  - (b) An article was published in the Surface Transport 'Up Front' magazine, highlighting the work of the fraud team with the aim of raising awareness of the team's role and when and how they can be contacted.
  - (c) We also facilitated a further fraud risk workshop with Heads of Finance and Audit from Crossrail tier one contractors, to raise awareness of fraud risks, help them understand the controls in place to mitigate those risks and share best practice.
  - (d) The Fraud Team, in conjunction with the Internal Communications team, continue to publicise the online EZone Fraud Awareness course and encourage staff to complete it. In addition, a Crossrail online fraud awareness course was developed in conjunction with an Anti-fraud and Corruption page on their intranet.

- (e) An article was included on Source to raise awareness of the new Fraud page on the TfL Management System. This provides access to a consistent 'one-stop shop' of information relating to Fraud.
- (f) We continue to publicise successful outcomes of fraud cases both externally in the media, and internally on Source. We also publish fraud alerts and notices warning staff of current and emerging risks in their work and personal life.

### **External Counter Fraud Activity**

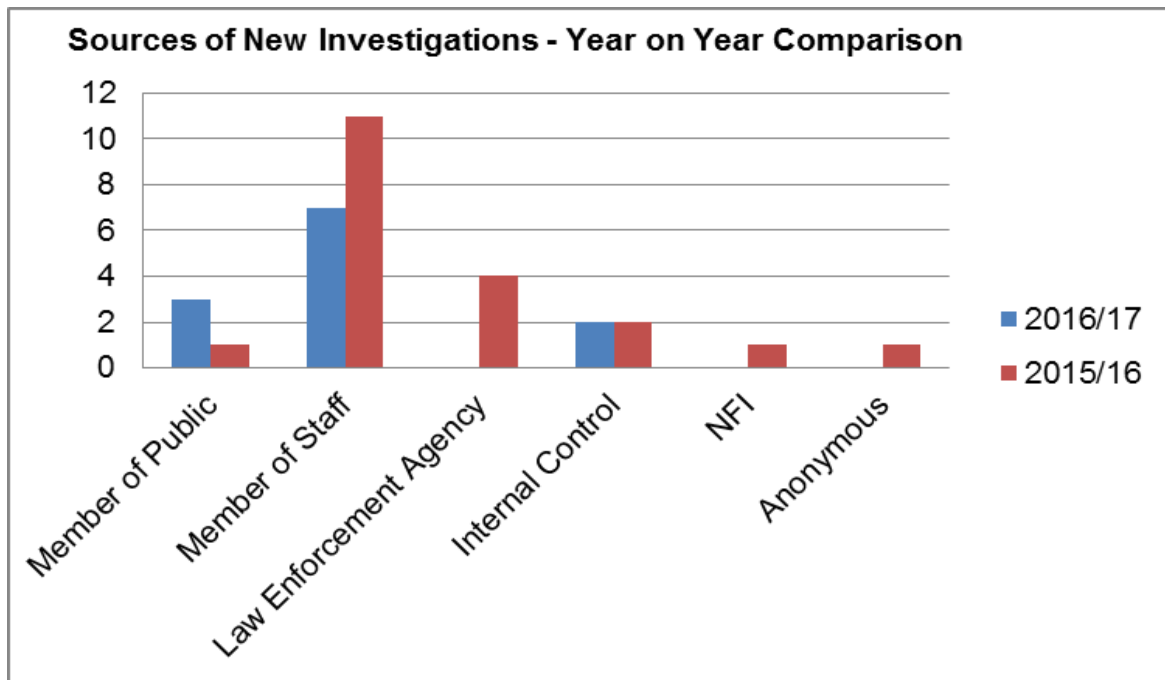
- 3.2 We continue to work with other organisations to ensure that TfL is at the leading edge with regards to fraud prevention, detection and investigation. This includes membership of fraud network groups such as the London Fraud Forum, Fraud Advisory Panel and CIPFA Counter Fraud Centre as well as continued close liaison with MPS Operation FALCON (Fraud and Linked Crime on Line) and Operation Amberhill (ID Fraud) in addition to the NFIB (National Fraud Intelligence Bureau).

## **4 Fraud Investigation**

- 4.1 Twelve referrals were reported to the Fraud Team for investigation during the first half of 2016/17, compared to 20 for the same period last year. These may be summarised as follows:

| <b>Periods 1 – 6</b>     | <b>2016/17</b> | <b>2015/16</b> |
|--------------------------|----------------|----------------|
| Fraud                    | 11             | 19             |
| Theft                    | 1              | 1              |
| Other                    | 0              | 0              |
| Total new investigations | 12             | 20             |

- 4.2 The sources of the referrals, together with comparative figures for the same period of 2015/16 were:



4.3 Nineteen cases were closed during the first half of 2016/17 of which 11 resulted in police/ judicial action. There were 20 ongoing investigations at the end of Period 6. From these there were four suspects on police bail and two awaiting trial. Two cases have since resulted in custodial sentences and in another the individual received a caution.

4.4 The outcomes of the closed cases, compared to the same period of 2015/16, are summarised as follows

| Periods 1 – 6          | 2016/17 | 2015/16 |
|------------------------|---------|---------|
| No Crime Established   | 5       | 12      |
| Disciplinary Action    | 3       | 1       |
| Police/Judicial Action | 11      | 10      |
| Total Closed Cases     | 19      | 23      |

4.5 Significant closed cases in the half year include the following:

(a) **Fraud by False Representation**

The Customer Service Centre received a request for a refund on two Pay as You Go Oyster cards to the value of £180 submitted by the same customer. The customer had previously submitted four other applications for refunds on separate cards in the previous month and had received £370. The investigation found that the customer had made in excess of 70 such claims. He was arrested and charged with nine separate offences of fraud and money laundering. He was sentenced to a Community Order to undertake 240 hours of supervised unpaid work and pay £500 costs. A forfeiture order in the sum of £6333 was made.

- (b) **Oyster Customer Service Centre Online Refund Fraud**  
Following the discovery of fraudulent Oyster card transactions being carried out by a full time Oyster Help Desk Customer Service Assistant, the suspect was arrested and subsequently admitted 64 counts of Fraud with a value of £49,334. The suspect was dismissed from service and sentenced to seven months imprisonment.
- (c) **Fraud by False Representation**  
At the end of April 2016 a customer was stopped by a Revenue Control Inspector after passing through the exit gates at Bond Street Station and found to be in possession of a Metropolitan Police Service Oyster card. The customer admitted that the card belonged to his wife, a serving police officer. The customer has been interviewed and fully admitted the use of the card between the beginning of March and the end of April 2016. He has agreed to accept a Formal Warning, repaid £500 for costs and the fares avoided, and given an undertaking that he will pay all future fares.
- (d) **Theft and Use of App Trial Oyster Card from Windsor House**  
Following the report of the theft of a test Oyster card from a desk drawer in Windsor House, a member of contract cleaning staff was identified and arrested. The suspect admitted theft of the Oyster card and three others. He was issued with a formal caution by the Police and had his employment with the contract cleaning company terminated with immediate effect.

**List of appendices to this report:**

Exempt supplemental information is included in a paper on Part 2 of the agenda.

**List of Background Papers:**

None

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