

Date: 14 June 2016

Item: Half Yearly Fraud Report 2015/16

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 for the second half of 2015/16 (Periods 7 to 13).
- 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 report.**

3 Anti Fraud and Corruption Activity

- 3.1 Work carried out during the half-year that contributes towards delivery of the TfL Anti Fraud and Corruption Strategy included the following:
 - (a) Nine fraud awareness sessions were held for TfL members of staff and two targeted at Crossrail Tier 2 contractors.
 - (b) TfL has continued to promote the work of the Fraud Team, including highlighting successful prosecutions following fraud investigations through the use of the TfL intranet 'Source' and weekly newsletters. Information published has also included alerts and information on current scams. The team also supported International Fraud Awareness Week through lunchtime learning sessions and an on-line quiz with over 240 participants.
 - (c) A new online fraud page has been developed as part of the TfL Management System to ensure that staff have access to a consistent 'one-stop shop' of information. The TfL Anti Fraud and Corruption Policy and Strategy are being amended to ensure consistency with the TfL Management System requirements.
 - (d) Work has continued on promoting the online Fraud Awareness Course available on Ezone. This has resulted in take up increasing from 257

members of staff to over 600. These figures include those working on the Station Works and Improvements Programme (SWIP) which has mandated the course for all staff.

- (e) To help raise awareness of fraud in Crossrail a similar online course has been developed for Crossrail's Learning Management System. This will inform employees about the different types of fraud and help them understand the risks along with their role and responsibilities for preventing fraud. In addition a fraud and corruption page has been developed for the Crossrail intranet, Connect Online, to ensure that relevant information including policies and procedures are readily accessible to staff from a central resource.
- (f) Fraud communication and engagement plans have been developed for both TfL and Crossrail. These lay out the planned activities to promote fraud awareness and to ensure the objectives of the Anti Fraud and Corruption Strategy are met.
- (g) To assist with ensuring Internal Audit staff have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation we ran an in-house course on Auditing Fraud Risk, led by the Chartered Institute of Internal Auditors (IIA).

External Counter Fraud Activity

- 3.2 The Fraud Team 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 and Fraud Advisory Panel as well as continued close liaison with Action Fraud, the National Fraud Intelligence Bureau and the Metropolitan Police initiative, FALCON (Fraud and Linked Crime Online).

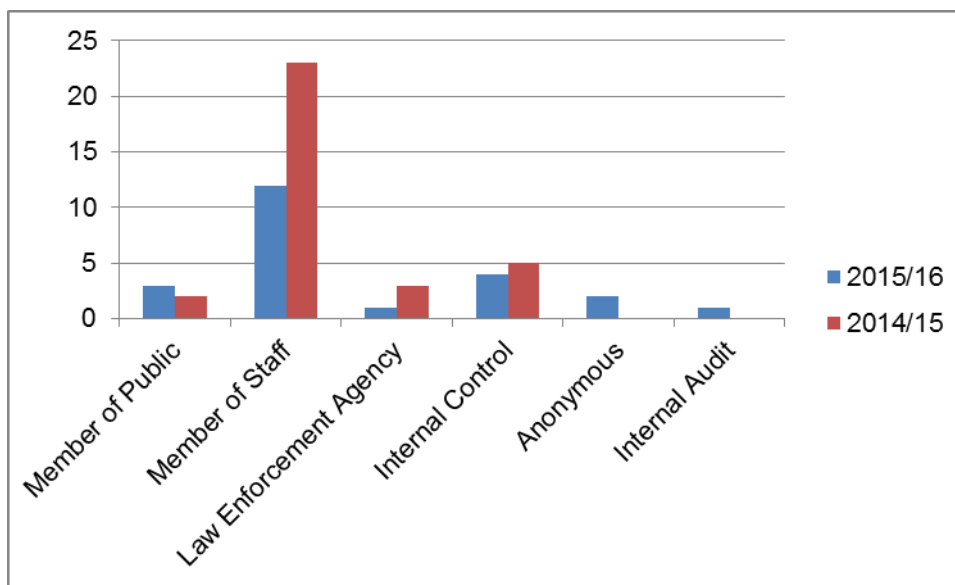
4 Fraud Investigation

- 4.1 Twenty three referrals were reported to the Fraud Team for investigation during the second half of 2015/16, compared to 33 for the same period last year. These may be summarised as follows:

Periods 7 – 13	2015/16	2014/15
Fraud	23	30
Theft	0	2
Other	0	1
Total new investigations	23	33

4.2 The Fraud Team continued to receive a high proportion of referrals reported by staff members during the second half of 2015/16. This may be an indication that our online fraud awareness programme is encouraging staff to report their concerns as they are now more aware of what constitutes fraud and how to report it. The sources of the referrals, together with comparative figures for the same period of 2014/15, were as follows:

Sources of New Investigations – Year on Year Comparison



4.3 27 cases were closed, compared to 22 for the same period last year. Of these cases, 13 resulted in police/judicial action. There were 27 ongoing investigations at the end of the year, and in eight of these there are suspects either on police bail (four) or awaiting trial at court (four). The Fraud Team continue to work closely with law enforcement agencies, ensuring high quality case work is presented to the courts.

4.4 The outcomes of the closed cases, compared to the same period of 2014/15, are summarised as follows

Periods 7 – 13	2015/16	2014/15
No Crime Established	11	10
Disciplinary Action	3	3
Police/Judicial Action	13	9
Total Closed Cases	27	22

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

(a) **Fraud by Misrepresentation**

During December 2014 the Customer Services Centre was contacted by Akhtar Miah complaining that he had not received a refund cheque in the sum of £572. A replacement cheque was sent to Mr Miah's address. It was

subsequently identified that there had been a number of other refunds paid against Oyster cards registered at the same address. These refunds were fraudulent. In total Mr Miah obtained in excess of £3,000 in this way. He was arrested, charged and sentenced to three months imprisonment suspended for 18 months, a two month curfew – to remain at a specified address between 21:00 and 06:00 hours daily – and ordered to pay prosecution costs of £600 and a victim surcharge of £80.

(b) **False Identity**

The National Fraud Initiative indicated that John Evanson, a member of staff, may have used false documentation to obtain employment with TfL. A scanned copy of a passport provided by Mr Evanson as proof of ID/right to work was shared with MPS Operation Amberhill. MPS checks confirmed that the passport was genuine but had been fraudulently obtained. Mr Evanson was arrested and appeared at Wood Green Crown Court charged with fraud by false representation and obtaining property by deception. He was sentenced to six months imprisonment, suspended for two years. He was also ordered to pay court costs of £180 and a victim surcharge of £80. He has been dismissed from TfL.

(c) **Forged Passport Visa**

The Home Office wrote to TfL seeking information regarding Francis Kwaku, an employee, and advised the Fraud Team that Mr Kwaku has never had permission to work in the UK. The copy of the passport held by TfL showed the visa stamp inside to be fraudulent. The Fraud Team worked with the Home Office to investigate his identity. Mr Kwaku was subsequently arrested and appeared at Crown Court where he pleaded guilty and was sentenced to four months in prison. He has also been served with a deportation notice by immigration with a view to deporting him at the end of his sentence. Following a disciplinary hearing, Mr Kwaku was dismissed from TfL.

(d) **Fraud by Misrepresentation**

The Oyster Customer Services Centre was made aware that funds left on a number of dormant Oyster cards had been transferred to various online accounts, which were then used to purchase other Oyster products which were transferred onto new Oyster cards. Investigation of travel patterns identified that one of the Oyster cards belonged to Michael Adjei, a TfL agency staff member employed in the Customer Services Centre. He was arrested and charged with Fraud by Abuse of Position and subsequently sentenced to a Community Order of 100 hours unpaid work and £85 costs. He was dismissed from TfL.

(e) **Pension fraudulently obtained after pensioners death**

Following the death of a pensioner in April 2013 her son, Norman Bond, who registered the death, repeatedly told the TfL Pension Fund that she was still alive and, as a result of his fraudulent actions, the pension continued to be paid after her death. Mr Bond, received payments totalling

£8,260 to which he was not entitled. The Fraud Team carried out an investigation with the BTP, who arrested and charged him. He was sentenced for three offences of fraud by false representation and received three months in prison, suspended for nine months and ordered to repay the £8,260. He was further ordered to pay costs of £1,000 within 60 days or receive one month in prison if he defaults.

List of appendices to this report:

Supplementary information is included in Part 2 of the agenda

List of Background Papers:

None

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