

Audit and Assurance Committee

Date: 14 December 2017

Item: Half Yearly Fraud Report 2017/18

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 2017/18 (Periods 1 to 6).
- 1.2 A paper is included on Part 2 of the agenda, which contains supplemental information. This information is exempt by virtue of paragraphs 5 and 7 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to ongoing fraud and criminal investigations and the disclosure of this information is likely to prejudice the prevention or detection of crime and the apprehension or prosecution of offenders.

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 Anti Fraud and Corruption Strategy includes:
 - (a) We conducted 11 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 Finance and project teams.
 - (b) We also facilitated a further fraud risk workshop with Surface Transport Senior Managers to raise awareness of fraud risks, help them understand the controls in place to mitigate those risks and share best practice.
 - (c) 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. More than 1,800 employees have completed the course so far. A number of business areas have mandated completion of the online course, including General Counsel (95 per cent completion so far), Commercial Development (70 per cent) and, most recently, Human Resources and Finance (47 per cent and 43 per cent completion respectively).

- (d) A Fraud Prevention Group page has been set up on the TfL Yammer site to promote and embrace discussion around prevention and awareness.
- (e) Articles highlighting business specific fraud risks and the work of the Fraud Team were published in the Crossrail newsletter 'Connect in Brief' and the Station Works Improvement Programme (SWIP) newsletter.
- (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

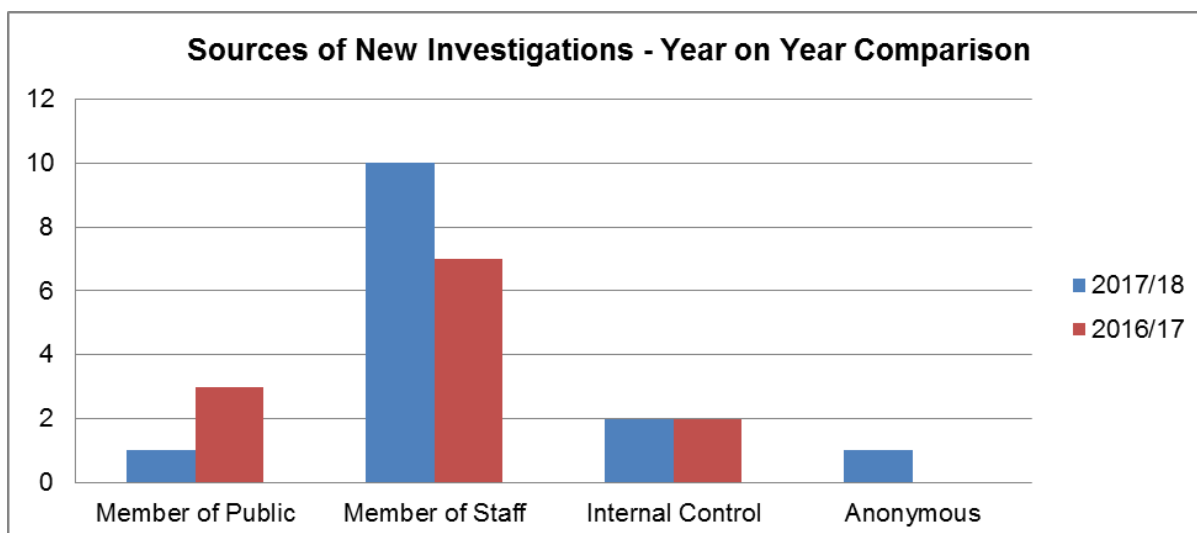
3.2 We continue to work with other organisations to ensure that TfL is at the leading edge with regards to fraud prevention, detection and investigation. This includes membership of fraud network groups such as the London Fraud Forum, Fraud Advisory Panel and CIPFA Counter Fraud Centre as well as continued 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 Fourteen referrals were reported to the Fraud Team for investigation during the first half of 2017/18, compared to 12 for the same period last year. These may be summarised as:

Periods 1 – 6	2017/18	2016/17
Fraud	13	11
Theft	0	1
Other	1	0
Total new investigations	14	12

4.2 The sources of the referrals, together with comparative figures for the same period of 2016/17, were:



4.3 Eighteen cases were closed during the first half of 2017/18, of which four resulted in police/judicial action. There were 18 ongoing investigations at the end of Period 6. In two of these cases there were suspects on police bail; in two cases suspects are awaiting trial and in one case the suspects are awaiting sentencing. A further two cases are awaiting a charging decision from the Crown Prosecution Service.

4.4 The outcomes of the closed cases, compared to the same period of 2016/17, are summarised as:

Periods 1 – 6	2017/18	2016/17
No Crime Established	11	5
Disciplinary Action	3	3
Police/Judicial Action	4	11
Total Closed Cases	18	19

4.5 Significant closed cases in the half year include:

(a) **Falsification of Topographical Testing Document**

Following allegations of fraud against a private hire chauffeur company in the North of England that had been given Licensed Operator status by TfL, a Topographical Test Centre in North London had its testing status revoked, the Topographical Test process for private hire drivers was amended and the owner and four employees of the chauffeur company received custodial sentences ranging from 15 months to three years.

(b) **Suspected abuse of staff Oyster card**

A London Underground employee, Ms Amy Robinson, attempted to sell her TfL staff Oyster card for £5,000 on 'Facebook Market Place'. Ms Robinson was also issued a TfL iPad Mini, which she failed to return upon her dismissal. Ms Robinson was arrested and interviewed by British Transport Police (BTP) regarding the above and subsequently

charged with fraud and theft. On 10 March 2017, at Blackfriars Crown Court, Ms Robinson pleaded guilty to Fraud by False Representation. She received a Community order to undertake 80 hours community work, a fine of £1,000 to be paid within six months or receive 21 days imprisonment, and she was also ordered to pay £85 Victim Surcharge.

(c) **Fraud – Oyster Issue and Top Up/Multiple Fare Evasion**

A Customer Services Manager reported allegations against an Oyster Ticket Agent, including a customer, alleging they had been told their Oyster card was faulty but charged for a replacement. Additionally, the Agent was regularly committing fare evasion. During interview the Ticket Agent made admissions in relation to the fraudulent activities in his Agency. Following a prosecution for the fare evasion, he was fined £1,539 and his Agency contract with TfL was terminated immediately.

(d) **Oyster Fraud by Southern Railways Ticket Office Staff**

The Fraud Team were asked to assist BTP in relation to an alleged fraud being carried out by ticket office staff employed by Southern Railways at East Croydon Station. The Fraud Team prepared evidence against two Southern Railways employees and three members of the public, which resulted in one employee pleading Guilty to Fraud by Abuse of Position of Trust and being sentenced to two years in prison at Blackfriars Crown Court. The other employee received 12 months imprisonment, suspended for 24 months and was ordered to repay the monies obtained by January 2018. One member of the public was formally cautioned; the other two received Community Orders for 100 hours and were ordered to pay £2,300 compensation.

List of appendices to this report:

A paper on Part 2 of the agenda contains exempt supplementary information.

List of Background Papers:

None

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