

AUDIT & GOVERNANCE COMMITTEE

12 March 2025

COUNTER FRAUD UPDATE

Report by Executive Director of Resources and Section 151 Officer

RECOMMENDATION

1. **The Committee is RECOMMENDED to**
 - a) Note the summary of activity against the Counter Fraud Plan for 2024/25.

Executive Summary

2. This report presents a summary of activity against the Counter Fraud Plan for 2024/25, presented to the July 2024 Audit & Governance committee meeting, with a further update provided to the November 2024 meeting. The Counter Fraud plan supports the Council's Anti-Fraud and Corruption Strategy by ensuring that the Council has proportionate and effective resources and controls in place to prevent and detect fraud as well as investigate those matters that do arise.

Counter-Fraud Team Update

Counter-Fraud Service & Resources Update

3. The Counter Fraud team comprises of the Counter Fraud Team Manager, Senior Counter Fraud Officer, Data and Intelligence Officer and the Assistant Counter Fraud Officer.
4. As noted in previous updates, the Counter Fraud team receive, log and triage all whistleblowing reports. The Chief Internal Auditor and Counter Fraud Team Manager meet with the Director of Law & Governance regularly to review, discuss and progress all whistleblowing investigations.
5. **Case Figures 2024/25 (at end of February 2025):**

Indicator	Value
New Cases 2024/25 (April – November 2024)	31 cases
Current open cases (by year)	2024/25: 17 2023/24: 2 2022/23: 0

With the Police	2021/22: 0 2020/21: 0 For 3 cases, the team are currently in liaison with the police.
New Cases by type	Blue Badge: 12 Contractor: 5 Deprivation of Assets: 1 Direct Payment: 4 Employee: 6 Insurance: 2 Financial Abuse: 1
New Cases by referral source	Anonymous: 2 Employee / Internal Control: 24 Other Local Authority: 2 External: 2 National Fraud Initiative: 1

6. Update against the Counter-Fraud Plan 2024/25

The 2024/25 Plan, which was previously presented to the Audit & Governance July 2024 meeting, has been structured around the 5 pillars of anti-fraud activity in the Local Government Counter Fraud and Corruption Strategy – Fighting Fraud and Corruption Locally:

Objective	Actions	Timescale	March 2025 Update
Acknowledge: Understand fraud risk and maintain a robust anti-fraud response.	1) Continue development of Council's fraud risk register.	End of quarter 3.	To be presented to the AWG in March 2025.
Prevent: Prevent and detect fraud taking place against the organisation, using proactive work and data analysis.	2) Fraud alerts to be provided to service areas as necessary. 3) Upload of data for the new NFI 2024/2025 exercise. 4) Review of initial NFI	Ongoing. End of quarter 3. End of quarter 4.	Ongoing. The matches are now available, and the match review has commenced. In progress

	<p>match data once received in February 2025.</p> <p>5) To complete Joint Internal Audit & Counter Fraud proactive reviews into Travel expenses (included in Internal Audit Plan 24/25).</p> <p>6) To enhance data analytic capability to support potential areas of proactive work.</p>	<p>End of July 2024.</p> <p>Ongoing.</p>	<p>The audit testing has been completed, and a draft report has been issued.</p> <p>Ongoing.</p>
<p>Pursue: Carry out fraud investigations, apply sanctions to offenders and recover losses.</p>	<p>7) Conduct investigations into suspected fraud and malpractice (this includes participation in joint investigations with other enforcement authorities).</p> <p>8) Continue enforcement activities against Blue Badge fraud and misuse by completing on-street exercises.</p> <p>9) Respond to information</p>	<p>Ongoing.</p> <p>3-4 targeted exercises per financial year.</p> <p>Ongoing.</p>	<p>Ongoing. 31 cases of suspected fraud have been opened so far in 2024/25, with 14 investigations closed.</p> <p>4 exercises have been completed in 2024/25. Please see the Blue Badge Update below.</p> <p>Ongoing.</p>

		requests from the Police, other Local Authorities and investigation bodies such as HMRC.		
Protect: Recognising the harm that fraud can cause in the community.	10)	Review and share fraud trends and new threats with relevant service areas.	Ongoing.	Ongoing. The Team have disseminated 23 NAFN fraud alerts to relevant service areas so far in 2024/25.
	11)	Continue to foster relations with other internal and external teams (e.g. Gangmasters Authority, Anti-Slavery Coordinator, & Care Quality Commission).	Ongoing.	Ongoing. Two cases have been referred to the Gangmasters Authority in 2024/25.

Other updates

7. Blue Badge Enforcement:

The Counter-Fraud Team have continued to conduct on-street blue badge enforcement exercises in 2024-25, with two exercises completed in May and June 2024 and a further two exercises completed in January 2025.

During the on-street exercise in May 2024, 64 blue badges were checked. 1 blue badge was seized, and 4 Penalty Charge Notices were issued by the Council's Civil Enforcement Partner. In the case where the blue badge was seized, a warning letter was issued to the badge user. The exercise resulted in 2 prosecution files submitted for the use of badges that had been reported as lost and stolen (respectively). Both cases were successfully prosecuted, resulting in fines of £209 and £134, and a total of £850 awarded to the Council for costs.

The on-street exercise in June 2024, where 53 blue badges were checked, resulted in the seizure of 2 blue badges and 5 Penalty Charge Notices issued. One investigation resulted in a Local Authority Simple Caution being issued and signed by the user of the badge. Prosecution files were then submitted for 2 additional cases involving the use of blue badges reported as stolen. One case was successfully prosecuted, resulting in a fine of £153 and £350 in costs awarded to the Council. The second case was discharged by way of a signed Local Authority Simple Caution.

For the first of two on-street exercises completed in January 2025, 61 blue badges were checked. 1 blue badge was seized, and 4 Penalty Charge Notices were issued. The second on-street exercise, covering different areas of Oxfordshire, resulted in an additional 60 blue badges being checked and 4 Penalty Charge Notices issued. Additionally, 2 blue badges were seized.

The January 2025 exercises have resulted in warning letters being issued for two cases. Investigations are ongoing for a further 4 cases. Updates on the outcomes of these cases will be provided in a future Counter Fraud Update.

8. National Fraud Initiative:

2024/25 Exercise:

The 2024/25 exercise commenced in October 2024, with the extraction and upload of 7 datasets across 5 areas of the Council: Concessionary Travel Passes, Creditors, Parking Permits, Payroll, and Pensions. The upload was successfully completed, and the matches became available in January 2025.

A plan for the review of the matches is underway. Specifically, work has commenced on the review of the Payroll-to-Payroll matches, which identify overlapping periods of employment in more than one organisation. The matches have so far identified two cases of potential undeclared secondary employment which are currently being investigated.

The NFI has noted the increase in multiple employment fraud across the public sector, particularly concerning agency contracts. The Payroll-to-Payroll match currently only includes permanent employees. This was expanded to include agency workers for a small number of Local Authorities and is expected to be rolled out to all NFI participants (including Oxfordshire County Council) at a future date.

The NFI proposed in 2024 that reports covering Personal Budgets (for Adult Social Care clients) and Private Supported Care Home Residents will be reintroduced as supplemental matches for the 2024/25 exercise. These reports were available up until (but not including) the 2020/21 exercise. The Counter-Fraud Team awaits further instructions from the NFI regarding their reintroduction.

9. Controls Improvement & Cases to Note:

Upon the conclusion of each investigation, where applicable, the control environment is reviewed, and a post investigation report issued. The reports highlight any weaknesses identified and include agreed actions to prevent, stop and minimise the risk of reoccurrence. The agreed action plan from each report is monitored for implementation by the Counter Fraud Team.

In the November update to Audit & Governance Committee it was reported that following an investigation into a School Business Manager which identified fraudulent purchasing card transactions and forged cheques from the school bank account that the team had prepared a full prosecution file, which was referred to the police and subsequently to the Crown Prosecution Service (CPS) for a charging decision. The CPS has now confirmed that 3 charges will be made against the School Business Manager: two for fraud by abuse of position (Fraud Act 2006) and one for theft (Theft Act 1968). The team is now awaiting the date of a sentencing hearing. In the interim, the amount lost from the forged cheques has been refunded to the Council by the relevant bank.

It was previously reported that the team is currently investigating a supplier of services to the Council who appears to have continued to invoice for a service no longer provided. The team are working with Legal Services to pursue to the appropriate sanctions including recovery of overpayment.

This investigation prompted the Counter-Fraud Team to undertake a proactive data matching exercise using internal datasets, with the aim of identifying similar circumstances where suppliers continued to invoice where the service was no longer being provided. Parallel to this, the team carried out a separate proactive exercise evaluating the controls around the service being contracted. The two exercises have resulted in other new cases being identified, which are in the process of being reviewed and where appropriate investigated further. A full update on this work will be included within the March update to the Audit Working Group.

It was reported in July and November 2024 that a further investigation is being carried out into an allegation that the Council has been provided with incorrect information regarding the residency of a client of Adult Social Care's family member, which materially affected the client contribution. Following correspondence with the family member's solicitor, it has now been agreed that the Council will be repaid in full following the sale of the client's property. The team will continue to liaise with Legal Services and will provide an update when the funds have been received. The Council expects to receive £56,572 in full and final payment.

4 cases of alleged multiple employment fraud have been opened in 2024-25. 2 cases were closed down with no further action by the Counter Fraud Team. For the other 2 cases, a potential overlapping period of employment was identified between the Council and another employer, and investigations are ongoing.

Information sharing with the HR & Cultural Change Service on fraud alerts or referrals concerning multiple employment fraud has been enhanced, and the team has provided

support to HR & Cultural Change Service and the Governance Team in strengthening relevant internal policies.

Financial Implications

10. There are no direct financial implications arising from this report. The report presents amounts recovered and prevented future losses from individual investigations.

Comments checked by:

Lorna Baxter, Executive Director of Resources & S151 Officer
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Legal Implications

11. There are no direct legal implications arising from this report. The Director of Law and Governance and also the Head of Legal & Governance are involved in all whistleblowing referrals and fraud referral cases that proceed to investigation stages.

Comments checked by:

Kim Sawyer, Interim Head of Legal and Governance,
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Staff Implications

12. There are no direct staff implications arising from this report.

Equality & Inclusion Implications

13. There are no direct equality and inclusion implications arising from this report.

Sustainability Implications

14. There are no direct sustainability implications arising from this report.

Risk Management

15. There are no direct risk management implications arising from this report.

Lorna Baxter, Executive Director of Resources & S151 Officer

Annex: Nil

Background papers: Nil

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