

AUDIT & GOVERNANCE COMMITTEE
27 November 2024

COUNTER FRAUD UPDATE

Report by Executive Director of Resources

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. 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. As reported to the July 2024 meeting, 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 October 2024):**

Indicator	Value
New Cases 2024/25 (April – November 2024)	14 cases
Current open cases (by year)	2024/25: 11 2023/24: 3 2022/23: 0

With the Police	2021/22: 0 2020/21: 1 For 2 cases, the Team are currently in liaison with the police.
New Cases by type	Blue Badge: 6 Contractor: 1 Deprivation of Assets: 1 Direct Payment: 1 Employee: 5
New Cases by referral source	Anonymous: 1 Employee / Internal Control: 10 Other Local Authority: 2 External: 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	November 2024 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.	Development of the register is ongoing and is on target to be completed by end of quarter 3.
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.	Ongoing.	Ongoing.
	3) Upload of data for the new NFI 2024/2025 exercise.	End of quarter 3.	The upload has been completed.
	4) Review of initial NFI match data once received in	End of quarter 4.	The matches are not yet available but a plan for the review is being prepared.

	5)	February 2025. To complete Joint Internal Audit & Counter Fraud proactive reviews into Travel expenses (included in Internal Audit Plan 24/25).	End of July 2024.	The audit testing has been completed and the report is on target to be issued by end of quarter 3.
	6)	To enhance data analytic capability to support potential areas of proactive work.	Ongoing.	Ongoing.
Pursue: Carry out fraud investigations, apply sanctions to offenders and recover losses.	7)	Conduct investigations into suspected fraud and malpractice (this includes participation in joint investigations with other enforcement authorities).	Ongoing.	Ongoing. 14 cases of suspected fraud have been opened so far in 2024/25, with 3 investigations closed.
	8)	Continue enforcement activities against Blue Badge fraud and misuse by completing on-street exercises.	3-4 targeted exercises per financial year.	2 exercises have so far been completed in 2024/25. Please see the Blue Badge Update below.
	9)	Respond to information requests from the Police, other	Ongoing.	Information sharing between the Counter-Fraud Team, Police, Local Authorities and

		Local Authorities and investigation bodies such as HMRC.		other investigation bodies is ongoing.
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 13 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. One case has been referred to the Gangmasters Authority so far 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.

During the on-street exercise in May, 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 has also resulted in 2 prosecution files being prepared for the use of badges that had been reported as lost and stolen (respectively).

The on-street exercise in June, where 53 blue badges were checked, resulted in the seizure of 2 blue badges and 5 Penalty Charge Notice(s) issued. Prosecution files have been prepared for 2 cases involving the use of blue badges reported as stolen. For an additional case, the investigation resulted in a Local Authority Simple Caution being issued and signed by the user of the badge.

Oxford Magistrates Court has scheduled a court date for the 4 cases where prosecution files have been prepared. Updates on the outcomes of these cases will be provided in the next Counter-Fraud Update.

8. National Fraud Initiative:

8.1. 2022/23 Exercise:

The National Fraud Initiative (NFI) reports from the 2022/23 exercise, released in February 2023, have been fully reviewed. All reports are closed with the exception of the 'Pensions to DWP Deceased' report, which has 3 open matches.

In July 2024, it was reported that 7 pensions overpayments amounting to £18,123 had been fully recovered, with the recovery of the remaining 5, amounting to £30,948, still in progress. Since then, an additional £8,345 has been recovered from 2 overpayments. One of the remaining 3 overpayments is in excess of £18,000, and the potential use of a Financial Investigator to aid in further investigation / recovery is being reviewed.

In total, the Cabinet's Office estimated future saving figure for the 2022/23 exercise is £574,403. A breakdown of this figure by area was provided in the July 2024 Counter-Fraud Update.

8.2. 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 is complete, and the matches are expected to become available in late December 2024. The review of these matches is being planned for early 2025.

The NFI has proposed 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 and have previously resulted in financial savings for the Council. The relevant service areas have been informed and the Counter-Fraud Team awaits further instructions from the NFI.

The NFI has noted the increase in multiple employment fraud across the public sector, particularly concerning agency contracts. The Payroll-to-Payroll match, which identifies overlapping periods of employment in more than one organisation, currently only includes permanent employees. This has now been 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.

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 report highlights any weaknesses identified and includes agreed actions to prevent, stop and minimise the risk of reoccurrence. The agreed action plan is monitored for implementation by the Counter Fraud Team.

Since the last update to the July 2024 Audit Committee, the team has issued one investigation report regarding improvements to made to the financial management processes of a primary school. This followed an investigation into a School Business Manager which identified fraudulent purchasing card transactions and forged cheques from the school bank account. The team have prepared a full prosecution file which was referred to the police and we are now waiting for a charging decision to be made by the Crown Prosecution Service. The amount lost from the forged cheques has also been refunded 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. This case is now being jointly investigated with the police and an interim investigation report is being prepared.

It was reported in July 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. The investigation is ongoing.

The Team previously investigated a case where the Council were provided with incorrect information regarding the capital of a client of Adult Social Care, intended to affect their care contribution. A relative of the client who held Power of Attorney pled guilty to fraud by abuse of position in 2020, and the Council were awarded compensation and full costs under the Proceeds of Crime Act 2002. As of September 2024, the Council have received the full £53,826 in mis-paid client contributions, in addition to £6,085 in costs and interest.

The prevalence of 'parallel working' or 'multiple employment fraud', where an employee has undeclared secondary employment, has been observed to be an increasing fraud risk to public sector organisations, including Oxfordshire County Council. Three cases of alleged multiple employment fraud have been opened in 2024-25, which are all under investigation. The Counter-Fraud Team has been working closely with other Local Authorities to identify potential overlapping periods of employment for these cases. Additionally, information sharing with HR on fraud alerts or referrals concerning multiple employment fraud has been enhanced, and the Team has provided support to HR and Governance in strengthening relevant internal policies.

An item is scheduled for the next Audit Working Group which will provide a detailed update on the counter fraud case activity and also the work being undertaken to develop a Fraud Risk Register.

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 are involved in all Whistleblowing referrals and fraud referral cases that proceed to investigation stages.

Comments checked by:

Paul Grant, Head of Legal, paul.grant@oxfordshire.gov.uk

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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