

**AUDIT & GOVERNANCE COMMITTEE**  
**17 July 2024**

**COUNTER FRAUD PLAN AND 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 2023/24.
  - b) Approve the Counter Fraud Plan for 2024/25.

**Executive Summary**

2. This report presents a summary of activity against the Counter Fraud Plan for 2023/24, which was previously presented to the July 2023 Audit & Governance committee meeting.
3. The report also presents the Counter Fraud Plan for the coming year 2024/25.
4. 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.

**Background**

5. The Local Government Counter Fraud and Corruption Strategy – Fighting Fraud and Corruption Locally was launched in 2020. The Council's Counter-Fraud arrangements are focussed on their recommended five pillars of activity:
  - **Govern:** Having robust arrangements in place to ensure counter-fraud, bribery and corruption measures are embedded throughout the organisation.
  - **Acknowledge:** Understand fraud risk and maintain a robust anti-fraud response.
  - **Prevent:** Prevent and detect fraud taking place against the organisation.
  - **Pursue:** Carry out fraud investigations, apply sanctions to offenders and recover losses.
  - **Protect:** The overarching aim of protecting public funds from fraud and corruption.

6. The International Public Sector Fraud Forum has established five principles for public sector fraud:

The Forum has established 5 principles for public sector fraud.



**1. There is always going to be fraud**

It is a fact that some individuals will look to make gains where there is opportunity, and organisations need robust processes in place to prevent, detect and respond to fraud and corruption.

**2. Finding fraud is a good thing**

If you don't find fraud you can't fight it. This requires a change in perspective so the identification of fraud is viewed as a positive and proactive achievement.

**3. There is no one solution**

Addressing fraud needs a holistic response incorporating detection, prevention and redress, underpinned by a strong understanding of risk. It also requires cooperation between organisations under a spirit of collaboration.

**4. Fraud and corruption are ever changing**

Fraud, and counter fraud practices, evolve very quickly and organisations must be agile and change their approach to deal with these evolutions.

**5. Prevention is the most effective way to address fraud and corruption**

Preventing fraud through effective counter fraud practices reduces the loss and reputational damage. It also requires less resources than an approach focused on detection and recovery.

7. The Council has a Counter-Fraud Strategy which guides the Council's approach to its fraud response. The Strategy states that "the Council has a duty to prevent fraud and corruption, whether it is attempted by someone outside or within the Council such as another organisation, a resident, an employee or Councillor. The Council is committed to a **zero-tolerance** approach to fraud, corruption and theft."
8. The Counter-Fraud Team's purpose is therefore to apply and to promote the zero-tolerance approach to fraud by thoroughly investigating any instances of fraud; applying the appropriate sanctions; undertaking proactive and preventative work to prevent and detect fraud through training, awareness training, data matching and proactive reviews.

9. The Strategy was last updated in 2023 as part of its two-yearly review. Due to the introduction of legislation such as the Economic Crime & Transparency Act, the Strategy will be reviewed again in 2024.

## Counter Fraud Team Update against the 2023/24 Plan

### 10. Counter-Fraud Service Resources Update

- The Counter Fraud Team comprises of a Counter Fraud Team Manager, Senior Counter Fraud Officer, Intelligence & Data Officer and an Apprentice Counter Fraud Officer.
- The Intelligence & Data Officer took on additional responsibilities 2023/24 in supporting with the development of a data analytics strategy and improving the use of data analytics in Internal Audit and Counter Fraud assurance activities. Their role continues to develop, working across both the Internal Audit and Counter Fraud activity.
- The Senior Counter Fraud Officer has recently qualified as a CIPFA Counter Fraud Specialist.
- In agreement with the Director of Law & Governance in 2021, the Counter Fraud Team took on the receipt, log, and triage of whistleblowing referrals for OCC via the Whistleblowing hotline and dedicated email address. This arrangement continues to provide a centralised approach to logging and tracking whistleblowing referrals, with arrangements to report to the Director of Law & Governance working successfully.
- During 2023/24 the team provided the Counter Fraud Service to Cherwell District Council. As previously reported to the committee, this arrangement has now ended (end of April 2024). The focus of the team's resources is now on Oxfordshire County Council counter fraud activities.

### 11. Case figures 2023/24 (figures at mid-June 2024):

During 2023/24 there were 17 cases received and logged by Counter Fraud of actual, suspected or alleged fraud of which 6 are still open and under investigation. A full breakdown is as follows: -

Total number of cases received in 2023/24	17 cases
Outcomes 2023/24 cases	Of the 17 cases received in 2023/24:  7 - still open and under investigation

	<p>10 - have been completed with the following outcomes:</p> <ul style="list-style-type: none"> <li>• Four cases of Blue Badge misuse: two cases resulted in the blue badges being cancelled; one case resulted in a cautionary letter; and the fourth resulted in a successful prosecution.</li> <li>• One case of system misuse by an employee, resulting in disciplinary action.</li> <li>• One case of falsifying timesheets, resulting in disciplinary action.</li> <li>• One bank mandate fraud attempt which was prevented before any funds were lost. An investigation report was issued addressing control improvements for future prevention of bank mandate frauds.</li> <li>• One case of fraud by misrepresentation by a job applicant, resulting in a cautionary letter.</li> <li>• One case of alleged data misuse, resulting in a cautionary letter.</li> <li>• One case which identified unaccounted for cash in an FM office. Investigation report issued to improve controls.</li> </ul>
Whistleblowing cases 2023/24	<p>13 allegations of whistleblowing were received. 9 were assessed by the Monitoring Officer to be dealt with under a different council policy (e.g. Grievance Procedure), and 4 were accepted to be investigated as whistleblowing. 2 cases are still open. One of these cases is being investigated by the Counter-Fraud Team and is included in the above figures.</p> <p>The whistleblowing cases are reported annually to the Audit &amp; Governance Committee by the Monitoring Officer in a separate report.</p>
Outcomes of pre-2023 cases closed during the year 23/24	<ul style="list-style-type: none"> <li>• A deprivation of assets case where fraud was proven in court and a repayment plan put in place to reimburse the Council for the care fees.</li> <li>• Interim payment received from liquidator dealing with a supplier overcharge made to the Council.</li> </ul>

12. **Case Figures 2024/25 (figures as at end mid-June 2024):**

<b>Indicator</b>	<b>Value</b>
New Cases 2024/25 (April – May 2023)	2 cases
Current open cases (by year)	2024/25: 5 2023/24: 5 2022/23: 0 2021/22: 1 2020/21: 3
With the Police	2 cases under joint investigation with the police
New Cases by type	Contractor: 1 Blue Badge Misuse: 1 Employment: 2 Employee: 1
New Cases by referral source	Whistleblower: 1 Employee / Internal Control: 2 Other local authority: 2

**Other updates**

13. **Blue Badge Enforcement:**

Following the development of the Blue Badge Enforcement Strategy in December 2021 and implementation of new operating procedures, the Team have continued with the on-street enforcement exercises during 2023/24.

In total 2 blue badges were seized following identified misuse. 1 case was dealt with by way of a warning letter issued to the blue badge holder.

The second case, involving the use of a stolen blue badge, was successfully prosecuted at Oxford Magistrates Court in May 2024. The team worked closely with both OCC Legal Services and External Communications to ensure a successful prosecution and positive press coverage in local media. The prosecution resulted in a fine of £770 being issued.

A program of on-street enforcement exercises is being planned for the year 2024/25. One blue badge exercise has already been completed in May 2024, with 1 badge seized. The Council's civil enforcement partner issued four Penalty Charge Notices (parking tickets) for contraventions of the Blue Badge Parking Scheme.

#### **14. National Fraud Initiative:**

The National Fraud Initiative (NFI) reports from the 2022/23 bi-annual data matching exercise were released in February 2023 and all reports have now been reviewed. There were a total of 33 reports and 30,934 matches. A full update on the completed reports was reported to the November 2023 Audit & Governance Committee, and an update on the completed matches relating to undeclared interests was reported to the March 2024 Audit & Governance Committee.

Since the March 2024 Audit & Governance Committee, the Payroll to Payroll matches have been reviewed in full. These matches identified employees of Oxfordshire County Council who were also listed on the payroll of another public sector organisation. None of the matches identified any cause for concern for the Council.

In total, the Cabinet Office's estimated future saving for the 2022-23 exercise is £574,403. This is broken down by the cancellation of 12 pensions from the 'Pensions to DWP Deceased' report (estimated saving = £175,974); the cancellation of 511 Blue Badges (estimated saving = £331,500); and the cancellation of 2,159 Concessionary Travel Passes (estimated saving = £66,929). 7 Pensions overpayments amounting to £18,123 have been fully recovered, with the recovery of the remaining 5, amounting to £30,948, still in progress.

#### **15. 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 March 2024 Audit Committee, the team have issued one investigation report regarding improvements to be made to cash handling procedures at public facing offices. A second investigation report has been issued agreeing a management action plan regarding the way contracts are both awarded and managed within the Transport Team.

The Counter-Fraud Team previously investigated a case involving an overcharge by a supplier that is now in liquidation. An interim payment has been received from the company's liquidator of £64,878 in respect of an agreed claim.

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.

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.

16. Update against the Counter-Fraud Plan 2023/24

Objective	Actions	Timescale	2023/24 Year End Update
<p><b>Govern:</b> Have robust arrangements in place to ensure counter-fraud, bribery and corruption measures are embedded throughout the organisation.</p>	<p>1) Deliver awareness training sessions to a range of staff and members to include knowledge of fraud risks, their role in prevention activity and process to refer suspicions.</p> <p>2) Provide the Audit &amp; Governance Committee with reports during the year about the arrangements in place to protect the council against fraud and the effectiveness of these.</p> <p>3) Review the council's anti-fraud strategy and identify areas for development by reference to the Fighting Fraud and Corruption Locally strategy.</p>	<p>1) Ongoing.</p> <p>2) July, November &amp; March.</p> <p>3) End of quarter 3.</p>	<p>1) Fraud awareness sessions delivered to School Business Managers, Headteachers, and Direct Payments Team.</p> <p>2) All Committee reports delivered.</p> <p>3) The Council's Anti-Fraud Strategy has been updated and published to the intranet and public website.</p>
<p><b>Acknowledge:</b> Understand fraud risk and maintain a robust anti-fraud response.</p>	<p>1) Undertake an assessment of the council's overall response to fraud and</p>	<p>1) End of quarter 3.</p>	<p>1) This was incorporated into the review of the Anti-Fraud and</p>

	<p>identify any areas for improvement.</p> <p>2) Continue development of Council's fraud risk register.</p>	<p>2) End of quarter 3.</p>	<p>Corruption Strategy.</p> <p>2) The Council's fraud risk register has been improved and is subject to ongoing development.</p>
<p><b>Prevent:</b> Prevent and detect fraud taking place against the organisation, using proactive work and data analysis.</p>	<p>1) Fraud alerts to be provided to service areas as necessary.</p> <p>2) Delivery of the NFI 2022/2023 exercise.</p> <p>3) To complete Joint Internal Audit &amp; Counter Fraud proactive reviews into Procurement Cards &amp; Expenses (included in Internal Audit Plan 23/24).</p> <p>4) To enhance data analytic capability to support potential areas of proactive work.</p>	<p>1) Ongoing.</p> <p>2) End of quarter 3.</p> <p>3) End of quarter 4.</p> <p>4) Ongoing.</p>	<p>1) Fraud alerts are routinely shared with service areas as necessary.</p> <p>2) The 2022/2023 exercise is now complete.</p> <p>3) The proactive reviews have been completed and were reported to the Audit &amp; Governance Committee under the audit update in May 2024. A&amp;G have requested that the review of Procurement Cards is considered by the Audit Working Group July 2024 meeting.</p> <p>4) The use of data analytics in proactive work is</p>



			subject to ongoing development.
<b>Pursue:</b> Carry out fraud investigations, apply sanctions to offenders and recover losses.	<ol style="list-style-type: none"> <li>1) Conduct investigations into suspected fraud and malpractice.</li> <li>2) Continue enforcement activities against Blue Badge fraud and misuse by completing on-street exercises.</li> </ol>	<ol style="list-style-type: none"> <li>1) Ongoing.</li> <li>2) One per quarter.</li> </ol>	<ol style="list-style-type: none"> <li>1) Ongoing. 16 cases opened in 2023/24.</li> <li>2) Blue badge exercises continued throughout 2023/24, with a successful prosecution in May 2024.</li> </ol>
<b>Protect:</b> Recognising the harm that fraud can cause in the community.	<ol style="list-style-type: none"> <li>1) Review and share fraud trends and new threats with relevant service areas.</li> <li>2) Respond to information requests from the Police, other Local Authorities and investigation bodies such as HMRC.</li> <li>3) Continue to foster relations with other internal teams.</li> </ol>	<ol style="list-style-type: none"> <li>1) Ongoing.</li> <li>2) Ongoing.</li> <li>3) Ongoing.</li> </ol>	<ol style="list-style-type: none"> <li>1) Ongoing.</li> <li>2) Ongoing and as required.</li> <li>3) Ongoing. 11 new cases in 2023/24 were received from other internal teams / internal controls.</li> </ol>

## 17. Counter Fraud Plan 2024/25

The 2024/25 Plan continues to be 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
<b>Acknowledge:</b> Understand fraud risk and maintain a robust anti-fraud response.	3) Continue development of Council's fraud risk register.	End of quarter 3.
<b>Prevent:</b> Prevent and detect fraud taking place against the organisation, using proactive work and data analysis.	5) Fraud alerts to be provided to service areas as necessary. 6) Upload of data for the new NFI 2024/2025 exercise. 7) Review of initial NFI match data once received in February 2025. 8) To complete Joint Internal Audit & Counter Fraud proactive reviews into Travel expenses (included in Internal Audit Plan 24/25). 9) To enhance data analytic capability to support potential areas of proactive work.	Ongoing.  End of quarter 3.  End of quarter 4.  End of July 2024.  Ongoing
<b>Pursue:</b> Carry out fraud investigations, apply sanctions to offenders and recover losses.	10) Conduct investigations into suspected fraud and malpractice (this includes participation in joint investigations with other enforcement authorities). 11) Continue enforcement activities against Blue Badge fraud and misuse by completing on-street exercises. 12) Respond to information requests from the Police, other Local Authorities and	Ongoing.  3-4 targeted exercises per financial year.  Ongoing.

		investigation bodies such as HMRC.	
<b>Protect:</b> Recognising the harm that fraud can cause in the community.	13)	Review and share fraud trends and new threats with relevant service areas.	Ongoing.
	14)	Continue to foster relations with other internal and external teams (e.g. Gangmasters Authority, Anti-Slavery Coordinator, & Care Quality Commission).	Ongoing.

## Financial Implications

18. There are no direct financial implications arising from this report.

Comments checked by: Lorna Baxter, Executive Director of Resources  
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## Legal Implications

19. There are not direct legal implications arising from this report.

Comments checked by: Paul Grant, Head of Legal Services and Deputy Monitoring Officer  
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## Staff Implications

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

## Equality & Inclusion Implications

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

## Sustainability Implications

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

## Risk Management

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

Lorna Baxter, Executive Director of Resources

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