

AUDIT and GOVERNANCE COMMITTEE – 18 MARCH 2020

Update on Counter Fraud Strategy and Plan for 2019/20

Report by the Director of Finance

RECOMMENDATION

1. **The committee is RECOMMENDED to note the progress with delivery of Counter Fraud Strategy and Plan for 2019/20.**

Executive Summary

2. This report presents an update on the Counter Fraud Strategy and Plan for 2019/20, which was presented to the Audit & Governance Committee in July 2019, with an update provided to the November 2019 meeting. The plan supports the Council's Anti-Fraud and Corruption Strategy by ensuring that the Council has in place proportionate and effective resources and controls to prevent and detect fraud as well as investigate those matters that do arise.
3. The report includes a summary of counter-fraud activity against the annual plan (see table 1 below) and an overview of open and closed cases as at February 2020 (see table 2 below).

Background

4. In April 2016, the Government launched the Local Government Counter Fraud and Corruption Strategy 2016-19 – Fighting Fraud and Corruption Locally. The Strategy is supported by CIPFA's Code of Practice on Managing the risk of fraud and corruption. The Council's counter fraud arrangements are designed to adhere to the principles identified within these and therefore the plans for 2018/19 and 2019/20 are aligned to the CIPFA Code's 5 key principles:
 - Acknowledge responsibility
 - Identify risks
 - Develop Strategy
 - Provide resources
 - Take action

Counter Fraud Plan and Model for Delivery 2019/20

5. In July 2019, we reported that a large part of the strategic work this year will be in researching and developing the best and most effective counter-fraud model for the County. This work has made good progress with the development of the working relationship with Trading Standards, sharing skills and resources, including them providing an officer on secondment to cover our current Investigation Officer vacancy on a part-time basis. This has enabled further initial work to be completed to identify ongoing resource requirements and opportunities to support an effective counter-fraud delivery model going forward.
6. In recognising the additional capacity now required to build the counter-fraud service, both the development work and operational line management of counter-fraud will transfer from the Chief Internal Auditor to the Assistant Director of Finance for a temporary period (6-12 months). This will enable the Chief Internal Auditor to focus on building the Internal Audit Service to be provided across OCC and CDC from April 2020, and provide the strategic capacity needed to lead the development work around counter-fraud. The Assistant Director of Finance will bring the Counter-Fraud Strategy and Annual Plan 2020/21 to the July 2020 committee.
7. On the operational side, we continue to receive all fraud referrals (via email or phone). These are screened and logged on the newly-implemented case management system (Opus). A separate module in the system records all Blue badge/bus pass/parking permit fraud/misuse reports by the Customer Service Centre teams (CSC). This is being input and managed by the CSC Deputy Service Lead (Operations) and overseen by Internal Audit. Previously these CSC misuse/fraud referrals had been logged on a local spreadsheet but using the new system will provide greater transparency and reporting facilities.
8. Close working is ongoing with the CSC to further develop the Blue Badge enforcement procedures. Blue badge training and enforcement days in Oxford City and Banbury are planned, to include PCSO's from Banbury and Civil Enforcement Officers in Oxford City, as well as Trading Standards and Counter Fraud Officers. Counter Fraud and CSC have also been working closely on the introduction of the new processes for identifying invalid bus passes being used on Oxfordshire buses.
9. Table 1 below provides more detail on the overarching objectives and action plan for Counter Fraud in 2019/20, as well as an update against actions as at October 2019 and February 2020.

Table 1 – Update against Counter Fraud Plan 2019/20

Objective:	Actions:	Success Criteria:	Update
<p>1. Develop Oxfordshire Counter-Fraud model</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Acknowledge responsibility • Identify risks • Develop Strategy • Provide resources • Take action 	<ul style="list-style-type: none"> • Fraud delivery models will be assessed, looking at comparator Councils and in discussion with local partners. • A Counter Fraud Officer will be recruited to take on the operational delivery of the service. • The County-wide Counter-fraud strategy will be discussed at Oxfordshire Treasurers Association. • In line with corporate direction, establish and build a close working partnership between OCC and Cherwell DC counter-fraud activity. • A close working relationship will continue with Oxford Investigation Service, purchasing additional resource from them as required. • Build relationships with counter-fraud colleagues in other LA's (Hertfordshire Shared Anti-Fraud Service, West Oxon Fraud Hub). • Internal Audit will retain the strategic lead role on Counter Fraud however the operational activity will be managed as a distinct function. 	<ul style="list-style-type: none"> • A clear and agreed plan for implementing an effective counter-fraud service • Recruitment of Counter-Fraud Officer 	<p>Oct 2019 Update</p> <p>Relationship building with:</p> <ul style="list-style-type: none"> • The Hertfordshire Anti-Fraud Service (the Head supported us with our recent recruitment exercise). • Bucks CC, to discuss joint working across Bucks-Oxon counter fraud teams. • Gloucs/West Oxon Counter Fraud Unit. • Continue to work closely with OIS. <p>Recruitment to the Counter Fraud Officer role (secondment from Trading Standards).</p> <p>Joint OCC-CDC communications piece developed for the November International Fraud Awareness week internal communication.</p> <p>Update Feb 2020</p> <p>The Counter-Fraud model development is underway, and this will be led by the Assistant Director of Finance.</p> <p>The secondment arrangement is working extremely well and both Counter-Fraud and Trading Standards are positive in building on this going forwards.</p> <p>Contact made with local DWP fraud team and TVP</p>

			Economic Crime Unit to discuss common cases relating to fraud / financial abuse.
<p>2. Raise the profile of counter-fraud and increase fraud referrals & efficiency of fraud case management</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Acknowledge responsibility • Develop Strategy • Provide resources 	<ul style="list-style-type: none"> • Update the Fraud pages on the website and intranet • Update and improve the fraud referral routes • Research case management systems to automate and create efficiencies in logging and updating cases. • Deliver counter-fraud training to members and officers. 	<ul style="list-style-type: none"> • All Fraud-related webpages up to date with clear & easily accessible fraud referral routes for the public, staff and others to use. • New case management system in place • Agreed training programme delivered. 	<p>October 2019 Update</p> <ul style="list-style-type: none"> • The update of the fraud pages on the website and intranet is complete • The fraud referral email address and contact details is now more prominent on these pages (at the top) • The new fraud case management system, Opus, has gone live and is also being used by CSC to record Blue badge cases. <p>February 2020 Update</p> <p>Staff Fraud Awareness survey completed in November 2019.</p> <p>Direct Payment Fraud awareness training session delivered.</p> <p>Bite-sized fraud awareness/risk assessment sessions to be scheduled.</p>
<p>3. Fraud risk mapping: Blue badge, Carer's grant, Bus Pass</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Acknowledge responsibility • Identify risks • Take action 	<ul style="list-style-type: none"> • Review of processes to identify fraud risks • Work with the service to embed fraud red flags and referral points in each process and record misuse/fraud issues • Review the Blue badge annual exercise performed with OIS to 	<ul style="list-style-type: none"> • Fraud risks mapped throughout the BB, CG and BP processes • Standard Operating Procedure for BB Enforcement developed 	<p>October 2019 Update</p> <ul style="list-style-type: none"> • Developed a set of SOPs for blue badge enforcement. • Met with counterparts from Portsmouth City Council to discuss BB enforcement. • Met with Banbury PCSO's to discuss

	<p>identify any areas for process improvement.</p>	<ul style="list-style-type: none"> • Successful BB misuse/fraud prosecution(s) and deterrence activity 	<p>enforcement in the north of the county.</p> <p>February 2020 Update</p> <p>Agreed training and enforcement exercise with Portsmouth Council in Oxford City and Banbury. Training to be delivered to OCC staff (Counter-Fraud and Trading Standards), PCSO's and new Civil Enforcement provider in Oxford City. Joint enforcement exercises to be undertaken.</p> <p>New process in place to flag and reject invalid bus passes on Oxfordshire buses from April. Counter-Fraud have worked closely with CSC to agree process to deal with potentially fraudulent use of passes.</p>
<p>4. NFI</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Identify risks • Take action 	<p>Complete the review of NFI matches from the 2018/19 exercise</p>	<ul style="list-style-type: none"> • All NFI matches reviewed • Recovery of funds where appropriate • Lessons learnt shared and controls improved where necessary 	<p>October 2019 Update</p> <p>A full update on NFI progress was provided (see Appendix 1 of the October paper).</p> <p>February 2020</p> <p>No further update to provide, but investigations are ongoing.</p>
<p>5. Adult Social Care</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Acknowledge responsibility • Identify risks • Provide resources 	<ul style="list-style-type: none"> • Continue to implement the DP fraud risk process and make any necessary amendments, as well as deliver DP Fraud Awareness training • Continue to hold quarterly Safeguarding/Fraud/Debt review meetings to 		<p>October 2019 Update</p> <p>Met with Safeguarding, Trading Standards and Information Management to discuss opportunities for more effectively capturing and using intelligence on PA's. This work is ongoing.</p>

<ul style="list-style-type: none"> • Take action 	<p>discuss specific cases and implementation of new process</p> <ul style="list-style-type: none"> • Discuss with stakeholders the opportunities for improvement in the use of intelligence on PA's where financial abuse or other safeguarding/fraud concerns are raised. • Review whether improved mechanisms for referral and acceptance of financial abuse cases to the Police can be implemented. 		<p>Following a DP fraud referral to Action Fraud which resulted in NFA we referred the case to the TVP lead on the Adult Safeguarding board. As a result, TVP have taken on this case and are investigating it currently.</p> <p>We continue to work closely with Safeguarding on a number of cases.</p> <p>February 2020 Update</p> <p>Counter-Fraud and 3x Safeguarding Managers now have access to Intel database and will share intel going forwards using this mechanism.</p>
<p>6. Deprivation of Assets</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Acknowledge responsibility • Identify risks • Develop Strategy • Provide resources • Take action 	<p>Participate in project team reviewing DoA policies and processes to ensure fraud risks are assessed and included.</p>	<ul style="list-style-type: none"> • Service develop polices and processes which include proper assessment, identification and follow up of fraud risk 	<p>October 2019 Update</p> <ul style="list-style-type: none"> • Met with the Deprivation of Assets project coordinator appointed in Sept. • Further Deprivation of Assets cases have been referred through to the fraud team, highlighting the need to agree robust policies and procedures going forwards. <p>February 2020 Update</p> <p>Guidance for Staff drafted, with input from Counter-Fraud to ensure fraud referral routes are clear.</p>
<p>7. Networking</p>	<ul style="list-style-type: none"> • Continue to engage with Midlands Fraud Group 	<ul style="list-style-type: none"> • Attended Group 	<ul style="list-style-type: none"> • Engagement continues regularly with Midlands

<p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Identify risks • Provide resources • Take action 	<ul style="list-style-type: none"> • Build working relationships with well developed counter-fraud services • Engage with the Fraud Knowledge Hub to share information and learning. • Attend Fraud conferences 	<p>meetings and conferences</p> <ul style="list-style-type: none"> • Established useful and productive professional working relationships 	<p>Fraud Group colleagues.</p> <ul style="list-style-type: none"> • New and existing relationships with other local authorities are being developed, as noted above. • Attended Counter-Fraud Conference in Feb 2020.
<p>8. Data reporting</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Identify risks • Take action 	<ul style="list-style-type: none"> • Submit the annual CIPFA Fraud Tracker data • Publish the annual Transparency Code data 	<ul style="list-style-type: none"> • All data reporting requirement submitted accurately and on time. 	<ul style="list-style-type: none"> • Not yet applicable
<p>9. Fraud referral management & investigations</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Identify risks • Take action 	<ul style="list-style-type: none"> • Receive all fraud enquiries and referrals via email, phone and the whistleblowing line/webform • Log these on the Fraud Log • Investigate each referral to establish next steps • Pursue as fraud investigation / management investigation / safeguarding investigation / other, as appropriate. • Working with relevant Officers from other teams • Update fraud log records as case progresses • Escalate and keep management informed where appropriate • Liaise with relevant external stakeholders, eg District Councils, DWP, Police • Take forward the correct outcome actions, eg recovery, prosecutions, disciplinary action etc. • Identify & share lessons learnt. • Close the case 	<ul style="list-style-type: none"> • Response to referrals and enquiries within 48 hours • Appropriate sanctions applied (repayments, prosecution, disciplinary, etc) 	<p>October 2019 Update</p> <ul style="list-style-type: none"> • A total of 21 referrals were made between April – October 2019. Of these 3 have been closed. • All cases since April 2019 are being logged on the new case management system. • A further 14 cases are still open from previous years as they are still under investigation. <p>February 2020 Update</p> <ul style="list-style-type: none"> • Please see table 2 below for further details on cases.

10. Table 2 below provides an update on open and closed fraud referrals and cases as at October 2019.

Table 2 – Fraud referrals and cases as at October 2019

	Totals
Cases on OPUS April 2019 – Feb 2020	Total: 69 Open: 20 Closed: 49
Breakdown of cases on OPUS April 2019 – Feb 2020	<p>Counter-Fraud cases:</p> <p><u>Whistleblowing</u>: 4 (2 closed unproven; 1 referred; 1 under investigation) <u>Personal Budgets / DP</u>: 4 (1 closed NFA; 3 under investigation) <u>Deprivation of Assets/Financial Abuse</u>: 6 (all under investigation) <u>Contract/Procurement</u>: 3 (2 Closed unproven; 1 Closed funds recovered) <u>Corporate/Employee</u>: 4 (3 Closed Unproven, 1 under investigation) <u>Pension</u>: 1 (under investigation)</p> <p><u>Blue Badge (managed by CSC)</u></p> <p>Blue badge misuse/abuse referrals: 47</p> <p>Of which:</p> <p>Warning letter issued & closed: 23 Closed as insufficient information: 8 Investigated and closed NFA: 5 Badge destroyed/withdrawn & closed: 3 Under investigation by BB team: 5 Referred for fraud investigation to C-F team: 3</p> <p><u>Note</u>: 4 fraud cases are currently under investigation by the police and / or subject to legal proceedings.</p>

LORNA BAXTER
Director of Finance

Background papers: None. Contact Officer: Sarah Cox, Chief Internal Auditor 07393 001246