

# **AUDIT & GOVERNANCE COMMITTEE**

**23 November 2022**

## **COUNTER FRAUD UPDATE**

**Report by Lorna Baxter, Director of Finance**

### **RECOMMENDATION**

1. **The Committee is RECOMMENDED to**
  - a) Note the summary of activity against the Counter Fraud Plan for 2022/23.

### **Executive Summary**

2. This report presents a summary of activity against the Counter Fraud Plan for 2022/23, presented to the July 2022 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 2022 meeting, there has been a change to resourcing and the team structure following the Audit Manager Counter Fraud Lead, leaving. An interim structure for the Counter Fraud team has been implemented from August 2022 with the two existing Counter Fraud Officers given additional responsibilities whereby they are acting up as Senior Counter Fraud Officers. In addition to the current Data and Intelligence Apprentice, a new apprenticeship post of Counter Fraud Assistant has been recruited, who started with us in mid-October 2022, and has already commenced the formal apprenticeship training. This structure is being trialled for a period of 6 months.
4. As noted in previous updates, the Counter Fraud team now receive, log and triage all whistleblowing reports. The Chief Internal Auditor and Senior Counter Fraud Officer meet with the Director of Law & Governance monthly to review, discuss and progress all whistleblowing investigations.

5. **Key Performance Indicators & Trends 2022/23 (position at end of October 2022):**

<b>Indicator</b>	<b>Value</b>
New Cases 2022/23 (01.04.2022 – 01.11.2022)	23 cases
Current open cases (by year)	2022/23: 12 2021/22: 4 2020/21: 5 2019/20: 3
With the Police	4 cases under joint investigation with the police
YTD New Cases by type	Direct Payment: 4 Employee: 3 Blue Badge Misuse: 3 Whistleblowing: 6 Contractor: 3 Financial Abuse: 3 Insurance: 1
YTD New Cases by referral source	DWP: 1 Employee/Internal Control: 16 Telephone contact: 3 Whistleblowing Email: 2 Web form (member of public): 1
Loss, recovery and prevented future loss YTD	Recovery: £374
Outcomes YTD (dismissals, prosecutions, repayments, Investigation Reports etc)	Not proven: 3 Referred to Internal Team / Central Government Department: 4 Disciplinary Written Warning: 1 Blue Badge Seized: 2 Blue Badge Warning Letter Issued: 1
Fraud Awareness, Comms and Training sessions delivered YTD	Fraud Awareness training and discussion sessions with: Financial Assessments Team & the Social Care Debt Recovery Team (April 2022) Direct Payments Team (June 2022)  News Headline on World Whistleblowing Day (June 2022)

	Multiple internal communications planned for International Fraud Awareness Week 2022 (14-18 <sup>th</sup> November)
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## 6. Update against the Counter-Fraud Plan 2022/23

Objective	Actions	Update Nov 2022
<p><b>Strategic:</b> Continue to build the Counter Fraud team to support the Council to prevent and detect fraud and irregularity.</p> <p><b>Culture Capacity Competence</b></p>	<ol style="list-style-type: none"> <li>1. Trial the interim team structure with a view to agreeing a permanent solution</li> <li>2. Recruit a new Counter Fraud Apprentice</li> <li>3. Identify any appropriate training for members of the team.</li> <li>4. Senior CF Officer to undertake CIPFA Accredited Counter Fraud Specialist (ACFS) training.</li> </ol>	<ol style="list-style-type: none"> <li>1. Interim team structure trial in place until end of January 2023.</li> <li>2. New Counter Fraud Apprentice started 17 October 2022 and has commenced the formal apprenticeship training.</li> <li>3. Training subject to review through extended 1:1 sessions with team.</li> <li>4. Senior CF Officer has commenced ACFS training.</li> </ol>
<p><b>Proactive:</b> Undertake proactive counter-fraud activities to reduce the risk of fraud in the Council.</p> <p><b>Culture Capability Capacity Communication Collaboration</b></p>	<ol style="list-style-type: none"> <li>5. Complete and routinely update the Fraud Risk Register</li> <li>6. Deliver fraud awareness training</li> <li>7. Undertake joint fraud/audit exercises</li> <li>8. Deliver fraud communications in line with a comms strategy</li> <li>9. Blue Badge enforcement exercises quarterly</li> <li>10. Maintain fraud procedures, webpages and referral routes up to date (ongoing and by Q4)</li> </ol>	<ol style="list-style-type: none"> <li>5. Fraud Risk Register now business as usual (bi-monthly review meetings)</li> <li>6. Fraud awareness training delivered for Financial Assessments Team and Direct Payments Team</li> <li>7. Joint fraud/audit proactive exercises being developed. Currently working together re schools assurance.</li> <li>8. Multiple fraud comms issued as per the comms plan (see KPI's above)</li> <li>9. Blue Badge enforcement exercise now undertaken quarterly</li> </ol>

		10. Work currently being completed to update fraud referral routes, specifically in relation to Direct Payments and Deprivation of Assets cases.
<b>Reactive:</b> Manage fraud referrals and investigations  <b>Capacity</b> <b>Competence</b> <b>Collaboration</b>	11. Manage fraud referrals 12. Investigate 13. Implement appropriate sanctions 14. Agree and track actions to improve the control environment 15. Work with partner agencies and teams.	11&12. Fraud referrals received and investigated ongoing as appropriate. Currently 12 open cases. 13. Sanctions applied as appropriate (see KPI's above). 14. Actions within investigation reports monitored for implementation. 15. Joint working with TVP in particular is developing well, with several joint investigations ongoing (joint interviews under caution and investigations plans).
<b>Data:</b> Use data to detect and prevent fraud  <b>Competence</b> <b>Collaboration</b>	11. Prepare for and undertake the 2022 NFI data upload (Q2) 12. Continue to participate into potential data matching exercise with other LA's.	17. NFI upload was completed at end of October 2022. 18. Ongoing work with networks.

## 7. Cases to Note (open/closed)

There are currently 4 cases under joint investigation with the Police (2 employee, 1 Direct Payment and 1 provider). These cases are progressing jointly and further updates will be provided to the Committee once a charging decision has been made.

## 8. Other updates

### Blue Badge:

The Counter Fraud team have now undertaken two on-street Blue Badge Enforcement exercises this year – one in March and another in June. These were undertaken as a joint enforcement exercise with our external parking enforcement provider, Conduent. The results were reported to the July 2022 Audit & Governance Committee.

Since reporting to the July Committee, one case was referred to court for Prosecution under s.117 Road Traffic Regulation Act 1984 for misuse of a blue badge. It resulted in the person being found guilty and was fined £376.

The next exercise is planned for November 2022.

#### **NFI:**

The NFI results were reported in the March 2022 update to the Audit & Governance Committee. The only outstanding matches to complete investigations are in Pensions, which are ongoing.

The data upload for the 2022 commenced at the end of September 2022 and is almost complete. Match returns are expected during February / March 2023. The committee will be updated once the work commences to review these.

#### **Training and awareness:**

Staff training and awareness sessions has included schools, (Head Teachers, Governors and Business Managers forums), Finance staff, Financial Assessment and Social Care Debt Recovery team & Direct Payments teams. There is an ongoing programme of training and awareness sessions.

### **Financial Implications**

9. 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, Director of Finance, [lorna.baxter@oxfordshire.gov.uk](mailto:lorna.baxter@oxfordshire.gov.uk)

### **Legal Implications**

10. 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:

Kate Charlton, Interim Head of Legal, [kate.charlton@oxfordshire.gov.uk](mailto:kate.charlton@oxfordshire.gov.uk)

## **Staff Implications**

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

## **Equality & Inclusion Implications**

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

## **Sustainability Implications**

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

## **Risk Management**

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

Lorna Baxter, Director of Finance

Annex: Nil

Background papers: Nil

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November 2022