

AUDIT and GOVERNANCE COMMITTEE – 16 September 2020

Counter Fraud Strategy and Plan for 2020/21

Report by the Director of Finance

RECOMMENDATION

1. The committee is **RECOMMENDED** to:
 - a) **Note the summary of activity from 2019/20**
 - b) **Comment and note the Counter Fraud Strategy and Plan for 2020/21**

Executive Summary

2. This report presents the Counter Fraud Strategy and Plan for 2020/21 and a summary of activity from 2019/20. 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. Appendix 1 contains the full 2019/20 plan agreed a year ago and an update on activity.

Background

4. An updated Local Government Counter Fraud and Corruption Strategy – Fighting Fraud and Corruption Locally was launched in 2020. The Council's Counter-Fraud arrangements are designed to adhere to the "six C's" Themes contained within this national Strategy, which are:
 - **Culture** – creating a culture where fraud and corruption are unacceptable
 - **Capability** - assessing the full range of fraud risks and ensuring that the range of counter fraud measures deployed is appropriate
 - **Capacity** - deploying the right level of resources to deal with the level of fraud risk that is monitored by those charged with governance
 - **Competence** - having the right skills and standards commensurate with the full range of counter fraud and corruption activity
 - **Communication** - raising awareness internally and externally, deterring fraudsters, sharing information, celebrating successes
 - **Collaboration** - working together across internal and external boundaries: with colleagues, with other local authorities, and with other agencies; sharing resources, skills and learning, good practice and innovation, and information

Summary of Activity 2019/20 and Quarter 1&2 2020/21 & planned activity for the remainder of 2020/21

5. During the course of 2019 the OCC Counter-Fraud function has been gradually increasing its capacity and capability following the termination of the previous working arrangements with Oxford Investigation Services (OIS) at the end of March 2019. A closer working relationship with Trading Standards was developed in order to share resources and skills in overlapping areas. A secondment arrangement was put in place with one Trading Standards Officer seconded part-time as a Counter-Fraud Officer to build capacity.
6. From April 2020 the Audit Manager leading on Counter-Fraud was redeployed full time onto Counter-Fraud in order to drive the additional capacity and capability work required going forwards.
7. A new joint Ops/Finance/Fraud Panel to consider Adult Social Care cases with fraud/finance/debt issues has been established to facilitate joint working & decision-making on complex cases and to provide support to front-line workers.
8. A Blue Badge enforcement exercise was scheduled for March 2020 but was postponed (date not yet confirmed due to Covid-19 restrictions).
9. On the operational side, a total of 32 fraud referrals were received during 2019/20, of which 11 are still open under investigation and 21 have been investigated and closed. Of the closed cases, £30k was recovered largely from a contract management issue, which has been addressed. Further action is in progress on the cases still under investigation.
10. Further counter-fraud work completed during 2019/20 included:
 - NFI 2018/19 data matches were completed, with just a small number still under investigation.
 - National Fraud Awareness week internal communications were issued in November 2019 to all staff, plus several Covid-19 scam and fraud awareness emails and news items.
 - Continued participation in the Midlands Fraud Group
 - Establishment of key contacts within TVP and neighbouring local authority fraud teams.
 - CIPFA Fraud and Corruption Tracker (CFaCT) annual survey data input
 - Transparency data published
11. Currently we are looking at the potential joint working opportunities across OCC and Cherwell District Council (CDC) for counter-fraud. The resources for this are under consideration and the remainder of 2020/21 will be focused on implementing the agreed option.
12. The table below provides more detail on the overarching objectives for Internal Audit Counter-Fraud in 2020/21 and the actions supporting these.

Objective	Actions
<p>Strategic: Implement agreed Proposal for Counter Fraud arrangements.</p> <p>Capability Capacity Competence</p>	<ol style="list-style-type: none"> 1. Explore joint working opportunities between OCC-CDC 2. Produce and agree Proposal for joint working 3. Implement the agreed structure and working arrangements, including processes and performance monitoring
<p>Proactive: Undertake proactive counter-fraud activities to reduce the risk of fraud in the Council.</p> <p>Culture Capability Communication Collaboration</p>	<ol style="list-style-type: none"> 1. Establish and routinely update a Fraud Risk Assessment 2. Deliver fraud awareness training 3. Undertake joint fraud/audit exercises 4. Participate in Council initiatives to reduce fraud exposure 5. Fraud comms
<p>Reactive: Manage fraud referrals and investigations</p> <p>Competence Collaboration</p>	<ol style="list-style-type: none"> 1. Manage fraud referrals 2. Investigate 3. Implement appropriate sanctions 4. Work with partner agencies and teams.
<p>Data: Use data to detect and prevent fraud</p> <p>Capability Competence</p>	<ol style="list-style-type: none"> 1. Undertake the 2020 NFI data upload 2. Close down the remaining data match investigations from previous NFI 3. Embed data analytics into the new Proposal and model

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Background papers: None.

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Appendix 1 – Counter Fraud Plan 2019/20

Objective:	Actions:	Success Criteria:	Status
<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 	<ol style="list-style-type: none"> 1. Fraud delivery models will be assessed, looking at comparator Councils and in discussion with local partners. 2. A Counter Fraud Officer will be recruited to take on the operational delivery of the service. 3. The County-wide Counter-fraud strategy will be discussed at Oxfordshire Treasurers Association which comprises all s151 Officers of all six local authorities in Oxfordshire 4. In line with corporate direction, establish and build a close working partnership between OCC and CDC counter-fraud activity. 5. A close working relationship will continue with Oxford Investigation Service, purchasing additional resource from them as required. 	<ul style="list-style-type: none"> • A clear and agreed plan for implementing an effective counter-fraud service • Recruitment of Counter-Fraud Officer 	<ol style="list-style-type: none"> 1. Complete. Models have been assessed and Proposal under consideration. 2. Complete. Counter Fraud Officer secondment commenced Dec 2019, ongoing until perm structure agreed. 3. Ongoing. Discussions have been ongoing at OTA. 4. Complete and ongoing. OCC Internal Audit team provides a joint service across OCC and CDC from April 2020; closer working relationships on fraud are being built. 5. Complete. Ongoing relationship maintained. 6. Complete. Relationship built and ongoing with Hertfordshire County Council and West Oxfordshire District Council, as well as South Oxfordshire District Council and VOWH District Council. 7. Complete. Counter Fraud still under Internal Audit, but additional resource has been allocated to Counter Fraud.

	<p>6. Build relationships with counter-fraud colleagues in other LA's (Hertfordshire Shared Anti-Fraud Service, West Oxon Fraud Hub).</p> <p>7. Internal Audit will retain the strategic lead role on Counter Fraud however the operational activity will be managed as a distinct function.</p>		
<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 	<ol style="list-style-type: none"> 1. Update the Fraud pages on the website and intranet 2. Update and improve the fraud referral routes 3. Research case management systems to automate and create efficiencies in logging and updating cases. 4. 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. 	<ol style="list-style-type: none"> 1. Complete. Pages updated and ongoing updates applied. 2. Complete. New email address established and mobile phone number. 3. Complete. New case management system, Opus implemented and use ongoing. 4. Incomplete. This is part of ongoing proactive work which isn't yet resourced.

<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 	<ol style="list-style-type: none"> 1. Review of processes to identify fraud risks 2. Work with the service to embed fraud red flags and referral points in each process and record misuse/fraud issues 3. Review the Blue badge annual exercise performed with OIS to identify any areas for process improvement. 	<ul style="list-style-type: none"> • Fraud risks mapped throughout the Blue Badge, Carer's Grant and Bus Pass processes • Standard Operating Procedure for Blue Badge Enforcement developed • Successful Blue Badge misuse/fraud prosecution(s) and deterrence activity 	<ol style="list-style-type: none"> 1. Complete. Fraud risks in Blue Badge process identified. 2. Complete. Fraud risks identified and referrals to Counter Fraud Team. Blue Badge team access to Opus to log cases. 3. Partially complete. Review of annual exercise completed but exercise not undertaken due to lockdown.
<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 	<p>Complete. NFI 2018/19 exercises completed with a small number of ongoing investigations.</p>

		where necessary	
<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 • Take action 	<ol style="list-style-type: none"> 1. Continue to implement the Direct Payments fraud risk process and make any necessary amendments, as well as deliver Direct Payments Fraud Awareness training 2. Continue to hold quarterly Safeguarding/Fraud/Debt review meetings to discuss specific cases and implementation of new process 3. Discuss with stakeholders the opportunities for improvement in the use of intelligence on Personal Assistant's where financial abuse or other safeguarding/fraud concerns are raised. 4. Review whether improved mechanisms for referral and acceptance of financial abuse cases to the Police can be implemented. 		<ol style="list-style-type: none"> 1. Complete. Direct Payments fraud referral and investigation process is well established now. Ongoing Direct Payments Fraud training delivered. 2. Complete. New Ops/Finance/Fraud Panel meetings (6-weekly) established to jointly discuss complex cases. DP audit also addressing DP fraud risks. 3. Complete. New system in place. 4. Ongoing, work in progress.
6. Deprivation of Assets (DoA)	Participate in project team reviewing DoA policies and processes to ensure fraud risks are assessed and included.	<ul style="list-style-type: none"> • Service develop polices and processes 	Ongoing. Counter Fraud included in project task and finish group addressing DoA, financial abuse, client contribution debts.

<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>which include proper assessment, identification and follow up of fraud risk</p>	
<p>7. Networking</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Identify risks • Provide resources • Take action 	<ol style="list-style-type: none"> 1. Continue to engage with Midlands Fraud Group 2. Build working relationships with well developed counter-fraud services 3. Engage with the Fraud Knowledge Hub to share information and learning. 4. Attend Fraud conferences 	<ul style="list-style-type: none"> • Attended Group meetings and conferences • Established useful and productive professional working relationships 	<ol style="list-style-type: none"> 1. Complete. 2. Complete. 3. Complete. 4. Complete.
<p>8. Data reporting</p> <p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Identify risks • Take action 	<ol style="list-style-type: none"> 1. Submit the annual CIPFA Fraud Tracker data 2. Publish the annual Transparency Code data 	<ul style="list-style-type: none"> • All data reporting requirement submitted accurately and on time. 	<ol style="list-style-type: none"> 1. Complete. 2. Complete.
<p>9. Fraud referral management & investigations</p>	<ol style="list-style-type: none"> 1. Receive all fraud enquiries and referrals via email, 	<ul style="list-style-type: none"> • Response to referrals and 	<ol style="list-style-type: none"> 1. Complete. 2. Complete. 3. Complete.

<p><i>CIPFA code key principles:</i></p> <ul style="list-style-type: none"> • Identify risks • Take action 	<p>phone and the whistleblowing line/webform</p> <ol style="list-style-type: none"> 2. Log these on the Fraud Log 3. Investigate each referral to establish next steps 4. Pursue as fraud investigation / management investigation / safeguarding investigation / other, as appropriate. 5. Working with relevant Officers from other teams 6. Update fraud log records as case progresses 7. Escalate and keep management informed where appropriate 8. Liaise with relevant external stakeholders, eg District Councils, DWP, Police 9. Take forward the correct outcome actions, eg recovery, prosecutions, disciplinary action etc. 10. Identify & share lessons learnt. 11. Close the case 	<p>enquiries within 48 hours</p> <ul style="list-style-type: none"> • Appropriate sanctions applied (repayments, prosecution, disciplinary, etc) 	<ol style="list-style-type: none"> 4. Complete. 5. Complete. 6. Complete. 7. Complete. 8. Complete. 9. Complete. 10. Complete. 11. Complete.
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