

AUDIT & GOVERNANCE COMMITTEE – 14 November 2018

Quarterly Update: Counter Fraud Strategy and Plan for 2018/19

Report by the Director of Finance

Introduction

1. This report presents a quarterly progress update of the Counter Fraud Strategy and Plan for 2018/19. 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.

Counter Fraud Model for Delivery

2. It was reported to the committee in July that following the review of the model of delivery of both the pro-active fraud plan and management of reactive work / investigations that Internal Audit will continue to have the overall responsibility for Counter-Fraud. This will include overseeing the arrangement with Oxford City Council Investigation Team, which has now been verbally agreed to start from 1 October 2018 and is in the process of formal sign off. Under this arrangement Oxford City Investigation Team will become responsible for the management of referrals, triage and maintenance of the fraud log. As part of the handover plan referrals will be overseen jointly for the first 6 months whilst a risk assessment process is agreed and the detail of access to systems and information is worked through. The Investigation Team will provide expertise, training and assistance on fraud matters during the transition, as well as be responsible for the full management of the NFI (National Fraud Initiative) exercise from the initial fair processing notices, uploading of data sets, review of results and system recording.
3. Internal Audit are continuing to develop the approach to fraud risk / development and maintenance of the fraud risk register, as well as the development and delivery of a plan of work of proactive testing and controls review in areas of high fraud risk. There has been a restructure within Internal Audit, from 1 October 2018 both Principal Auditors have been re-designated as Audit Managers. One of them now has management responsibility for the overseeing the counter-fraud activity and will be leading on the development of counter-fraud over the next two years, including improved fraud risk identification, become more mature in our understanding of the value of digital technology in addressing fraud and consider the organisational changes the council are currently going through. Temporary resource is available during this period where we identify opportunities for pro-active fraud work whilst a

sustainable strategy for a future fraud response model is developed which will highlight longer term funding requirements.

Activity Update

4. Appendix 1 sets out the annual Counter Fraud plan for 2018/19 and progress as at the end of October 2018. The focus since the last update to the July committee has been to agree and implement the new model of delivery, working with the Oxford City Investigation Team. Work has commenced reviewing procedures, awareness and fraud referrals routes for Adult Social Care. A workshop has been held to review current Direct Payment Fraud referral cases, this is informing the approach to capturing and dealing with these cases going forward. Procedures are now being updated and training requirements considered. Additional work is also underway to consider other fraud referral routes within adult social care, for example money management, client charging, including deprivation of assets, etc.
5. There are three live investigations being managed by Internal Audit and the Investigation Team. One is in relation to overpayments and is now subject to Police investigation. The Audit Working Group have been briefed on this case and the Director of Children's Services attended the September AWG meeting to discuss further the system / process weaknesses that these cases have highlighted and the action taken to strengthen controls to reduce potential for reoccurrence. Once the police investigation is concluded a full update will be made to the committee. The second case is in respect of a whistleblowing allegation regarding the use of a procurement card by a member of staff, initial investigations have been undertaken and the Investigation Team will now be interviewing the relevant staff, the committee will be updated once the investigation is complete. The third is a case of cash theft and potential false accounting, this has also now been referred to the Police and again a full update will be made upon conclusion.
6. There have been a couple of other whistleblowing referrals which Internal Audit have passed onto Senior Management / HR for investigation. Internal Audit are monitoring the outcome of these investigations.
7. There have been several referrals recently received in relation to potential deprivation of assets cases and cases where service users in receipt of direct payments or money management arrangements may have been subject to financial abuse or where they may have misused their direct payment. Each of these cases are being individually considered and outcomes will be reported back to the AWG and A&G Committee. As mentioned above review of the Direct Payment live cases have been used to review and develop the approach for dealing with these cases going forward

8. A new NFI (National Fraud Initiative) exercise has commenced and data sets have now been uploaded. Matches are expected to be available for further investigation from the Spring 2019.

RECOMMENDATION

9. **The committee is RECOMMENDED to comment and note the progress update regarding Counter Fraud Strategy and Plan for 2018/19.**

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Background papers: None.

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