

# **AUDIT & GOVERNANCE COMMITTEE**

**15 March 2023**

## **COUNTER FRAUD UPDATE**

### **Report by 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 November 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. A permanent arrangement is currently under review. We are continuing to support the two Counter Fraud Team apprentices with their training (Data and Intelligence Apprentice and Counter Fraud Assistant)
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 24/2/22):**

<b>Indicator</b>	<b>Value</b>
New Cases 2022/23 (01.04.2022 – 01.11.2022)	27 cases
Current open cases (by year)	2022/23: 10 2021/22: 1 2020/21: 5 2019/20: 1
With the Police	3 cases under joint investigation with the police
YTD New Cases by type	Blue Badge Misuse: 4 Contractor: 3 Direct Payment: 3 Employee: 6 Financial Abuse: 3 Insurance: 1 Whistleblowing: 7
YTD New Cases by referral source	Email (member of public): 2 Employee / Internal Control: 19 Whistleblower: 4 DWP: 1 Web form (member of public): 1
Loss, recovery and prevented future loss YTD	Recovery: £3,387
Outcomes YTD (dismissals, prosecutions, repayments, Investigation Reports etc)	Blue Badge Seized: 2 Blue Badge Warning Letter Issued: 1 Not proven: 5 Disciplinary: 2 Referred to Internal Team / Central Government Department: 6 Referred for External Review: 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) Social Worker Direct Payments Training (February 2023) News Headline on World Whistleblowing Day (June 2022)  Multiple internal communications planned for International Fraud Awareness Week 2022 (14-18 <sup>th</sup> November)

## 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>	<p>Interim team structure trial in place until end of April 2023.</p> <p>New Counter Fraud Apprentice started 17 October 2022 and has commenced the formal apprenticeship training. Training subject to review through extended 1:1 sessions with team.</p> <p>Senior CF Officer has completed and passed the ACFS training.</p>
<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, Direct Payments Team and to Social Workers (Direct Payments).</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> <li>10. Work currently being completed to update fraud referral routes, specifically in relation to Direct Payments and Deprivation of Assets cases.</li> </ol>
<p><b>Reactive:</b> Manage fraud</p>	<ol style="list-style-type: none"> <li>11. Manage fraud referrals</li> <li>12. Investigate</li> </ol>	<p>11&amp;12. Fraud referrals received and investigated</p>

referrals and investigations  <b>Capacity Competence Collaboration</b>	13. Implement appropriate sanctions 14. Agree and track actions to improve the control environment 15. Work with partner agencies and teams.	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 Collaboration</b>	16. Prepare for and undertake the 2022 NFI data upload (Q2) 17. Continue to participate into potential data matching exercise with other LA's.	16. NFI matches for 22/23 have been uploaded and match data now received. Programme of work in place to review matches. 17. Ongoing work with networks.

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

There are currently 3 cases under joint investigation with the Police (2 employee 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 the third on-street Blue Badge Enforcement exercise. This was again undertaken as a joint enforcement exercise with our external parking enforcement provider, Conduent. This exercise resulted in the issuing of 8 penalty charge notices (PCN's) for parking in a disabled bay without displaying a valid blue badge and one warning letter for misuse of a blue badge.

Blue badge holders are now able to register their badge against a maximum of two vehicle registration numbers, which will allow those vehicles to enter the Zero Emission Zone (ZEZ) without penalty. The vehicles will be exempted from charges upon entering the ZEZ for a period of 12 months. The blue badge holder is still expected to travel with the vehicle in order for the exemption to apply and therefore there is an inherent risk in the vehicles being registered but the badge holder not being present on the exempted journey. For the next on-street exercise, the Counter Fraud Team will be provided with a list of vehicles exempted from the ZEZ charge on the basis of a blue

badge, so routine checks can be carried out if the vehicle is identified. Work is also being undertaken with the customer services team that register the vehicles to ensure that the controls built into the application process are robust, in order to ensure that the risk of fraud at the application stage is minimised.

#### **NFI:**

The match data for the 2022/23 National Fraud Initiative (NFI) exercise has now been received. A programme of work is now in place to review matches and undertake any necessary investigations. Results will be reported back to the Audit & Governance Committee in July 2023.

#### **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:

Paul Grant, Head of Legal, [paul.grant@oxfordshire.gov.uk](mailto:paul.grant@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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