

AUDIT & GOVERNANCE COMMITTEE
26 November 2025

COUNTER FRAUD UPDATE

Report by Executive Director of Resources

RECOMMENDATION

1. **The Committee is RECOMMENDED to note the summary of activity against the Counter Fraud Plan for 2025/26.**

Executive Summary

2. This report presents a summary of activity against the Counter Fraud Plan for 2025/26, presented to the July 2025 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

3. **Counter Fraud Service Resources Update**
 - As reported to the July 2025 meeting, the Counter Fraud Team comprises of a Counter Fraud Team Manager, Senior Counter Fraud Officer, Intelligence & Data Officer and an Assistant Counter Fraud Officer.
 - As noted in previous updates, the Counter Fraud team receive, log and triage all whistleblowing reports. The Chief Internal Auditor and Counter Fraud Team Manager meet with the Director of Law & Governance regularly to review, discuss and progress all whistleblowing investigations.
4. **Case Figures 2025/26 (at end of October 2025):**

Indicator	Value
New Cases 2025/26 (April – end of October 2025)	11 cases
Current open cases (by year)	2025/26: 8 2024/25: 9

With the Police	2023/24: 1 For 3 cases, the Team are currently in liaison with the police.
New Cases by type	Blue Badge: 1 Bus Pass: 1 Contractor: 2 Employee: 5 Financial Abuse: 1 Insurance: 1
New Cases by referral source	Employee / Internal Control: 10 External: 1

Since July 2025, **11 cases have been resolved** with the following outcomes:

- Three blue badge misuse cases: Two resulted in successful criminal prosecutions, and one resulted in a warning letter being issued to the badge user.
- One concessionary bus pass case, where it was determined that fraud had not taken place following an investigation.
- One case where control improvements were required around portable assets.
- One multiple employment case closed where no fraudulent activity was identified, however was referred to HR for further investigation due to breaches with employee policy, resulting in dismissal of the employee.
- One case of alleged misuse of Council equipment by an employee, where it was determined that fraud had not been committed, but control improvements were identified and agreed.
- One financial assessment case where an investigation concluded that the Council had been supplied with incorrect information about the residency of a service user's family member, resulting in a full civil recovery of £56,872.
- One direct payment case, where an investigation resulted in the Council's Debt Recovery Team pursuing civil recovery.
- One Financial Abuse case, where it was determined by the police following a referral that it did not meet the evidential threshold for criminal prosecution and was therefore taken forward by the Council's Debt Recovery team for civil recovery.
- One Employee Expenses case, where an investigation concluded that there was no evidence of fraud, but advice was provided regarding appropriate purchasing routes.

The total value of the alleged fraud/irregularity for these 11 cases was calculated at **£62,810**. A total of **£57,848** was recovered back to the Council from the 3 cases where financial restitution was achieved.

The total future loss prevented from the cases closed has been calculated at **£10,026**. This total includes actual funds that were prevented from being lost to fraud, and where appropriate, an estimate of the additional losses that would have occurred over a 12-month period had the fraud not been detected.

Not included in the above figures is a Deprivation of Assets case that was closed for monitoring in 2019/20 following an investigation by the Counter Fraud Team. The case has moved through the legal process and has recently achieved a recovery of **£199,000**. Further details are included in Section 8.

While there is currently no public sector standard for the calculation of future loss prevented in fraud investigations, the Counter-Fraud Team applies a consistent methodology that is both evidence-based and in line with good practice. Where an investigation identifies and stops a fraudulent activity before Council funds have been disbursed, the full value of the attempted fraud is recorded as the future loss prevented. This reflects the direct loss that was averted through the intervention. Where a fraud has been identified and stopped that was likely to have continued over time, the future loss prevented is estimated by identifying the known value of the fraud over the period that it occurred and then extrapolating that value up to a 12-month period. This approach provides a proportionate estimate of the financial impact that would have occurred had the fraud not been disrupted.

5. Update against the Counter-Fraud Plan 2025/26

The Counter Fraud team continues to maintain a balanced approach, responding to incidents through investigations and pursuing appropriate actions, while also proactively working to prevent fraud and irregularities, thereby reducing the risk of financial loss to the council before it occurs.

The Counter Fraud Plan for 2025/25, which was previously presented to the July 2025 Audit & Governance Committee is included within Annex 1. This reports on progress with delivery of the plan. The plan is on track for delivery of all key activities.

6. National Fraud Initiative Update (NFI):

The data match review for the 2024/25 exercise is currently underway. Each area has been summarised below:

Pensions:

As reported in the July 2025 Counter Fraud update, the NFI exercise identified 5 deaths that were previously unknown to the Pension Service. The total overpayment was £2,297.55, of which £1,553.11 has been recovered. Recovery of the overpayments from two matches is still ongoing.

Of the 57 matches in the 'Deferred Pensions to DWP Deceased' report, 23 deaths were already known to the Pension Service, and 8 deaths were previously unknown. 26 matches remain open and under review. These matches have enabled the Pension

Service to proactively contact the next of kin and ensure that entitlements are appropriately managed.

Payroll:

It was reported in the July 2025 Counter Fraud update that the 39 Payroll to Payroll matches had been reviewed in full, and 5 had resulted in a secondary employment declaration being completed with the employee's line manager, in accordance with the Council's Declaring and Registering Interests Policy.

Of the 5 matches that were previously open, 3 have now been closed. For 2, there was found to be no overlapping periods of employment between the two organisations. For the third, the issue of undeclared secondary employment was taken forward as part of a HR investigation, resulting in employee dismissal. There are 2 matches that remain under investigation.

Blue Badges:

The exercise identified 1,273 blue badges active in September 2024 that were connected to a resident identified as deceased. These matches have been reviewed in full.

A total of 640 blue badges were cancelled as a result of the NFI exercise, resulting in an estimated saving of £508,160 (using the NFI's saving methodology of £794 saved per cancelled blue badge). 587 badges had already been cancelled due to the Council being notified of the death from the Tell Us Once service. 45 badges had expired and did not require cancellation.

A total of 14 matches were identified where a blue badge holder concurrently held a second blue badge with another local authority. A total of 9 matches have been resolved with no issues found, and 5 remain under investigation.

Concessionary Travel Passes:

The NFI exercise produced 1,634 data matches related to Concessionary Travel Passes, which are currently under review.

Parking Permits:

There were 11 matches released relating to a Parking Permit held by an Oxfordshire resident who was identified as deceased. All permits were confirmed to be expired and therefore no further action was required.

Adult Social Care Matches:

It was reported in March 2025 that the Counter Fraud Team were awaiting instructions from the NFI regarding the reintroduction of the data matches relating to Personal Budgets (for Adult Social Care clients) and Private Supported Care Home Residents. The extraction and upload of the relevant data to the NFI platform is currently in

progress. An update on these matches will be provided at the next Counter Fraud update.

Duplicate Creditor Payments & Conflict of Interest Matches:

A review of the matches within these reports are currently in progress, with an update to follow in the next Counter Fraud update to the March 2026 Audit & Governance Committee.

7. Blue Badges

In the July 2025 Counter Fraud update to Audit & Governance Committee, it was reported that the Counter Fraud Team were preparing criminal prosecution files for four cases identified in the January 2025 Blue Badge Enforcement exercise.

Two of these cases were heard in September 2025 and resulted in successful prosecutions. Court fines totalling £976 were issued, and the Council were awarded costs totalling £2,287. Victim surcharges totalling £390 were also issued. A third case resulted in a warning letter being issued to the badge user.

The fourth case was adjourned and is due to be heard at Oxford Magistrates Court in November 2025.

The Counter Fraud Team completed additional checks of blue badges in Oxford in April 2025 and identified one case of suspected misuse. A prosecution file for this case is currently being prepared. The next enforcement exercise is being planned for the end of Q3.

8. Controls Improvement & Case Updates:

Upon the conclusion of each investigation, where applicable, the control environment is reviewed, and a post investigation report issued. The report highlights any weaknesses identified and includes agreed actions to prevent, stop and minimise the risk of reoccurrence. The agreed action plan is monitored for implementation by the Counter Fraud Team.

Since the last update to the July 2025 Audit & Governance Committee, the team have issued four investigation reports:

Report Reference	Description	Date Issued	Number of Management Actions
1	Report on an investigation into invoicing and contract compliance by a transport provider.	Q1	1
2	Improvements to controls around the use of assets within the Supported Transport Team.	Q2	3

3	Report on an investigation into invoicing and contract compliance by a transport provider.	Q2	5
4	Interim report on an investigation into contract compliance by an education provider.	Q2	Actions to be agreed within final report.

Financial assessment case:

It was reported to the Audit & Governance Committee in March 2025 that an investigation was being carried out into an allegation that the Council was provided with incorrect information regarding the residency of an Adult Social Care client's family member, which materially affected the client contribution. Following an investigation and subsequent correspondence with the family member's solicitor, it was agreed that the Council would be repaid in full following the sale of the client's property. The Council has since received all funds, totalling £56,572.

Deprivation of assets case:

In 2019 the Counter Fraud Team was contacted by Debt Recovery to assist in a case where the failure of the service user and her family to pay for care contributions had resulted in a debt to OCC of £199,000. The CFT liaised with Devon and Cornwall Police where family members of the service user lived and identified a property undeclared to OCC during financial assessments. An accredited financial investigator was instructed and confiscation proceedings under the Proceeds of Crime Act (POCA) 2002 were instigated. As part of this process, a restraint order was obtained, preventing the family from disposing of assets without the permission of the court. A benefit figure was agreed and in September 2025, the property was sold and full payment made to OCC.

Other cases to note:

There are several cases to note within the 18 cases currently open. A summary of these investigations is provided below, with further updates to be provided to the Audit & Governance Committee as they progress.

There are two live investigations relating to undisclosed secondary employment. One case is in the evidence-gathering stage of the investigation, and the second case is currently with the police. A third case, currently also with the police, relates to an investigation around an education provider's compliance with the terms of a contract they held with the Council. A fourth case relates to alleged inflated expenses by an employee and is subject to HR/disciplinary processes. A fifth investigation relates to the misappropriation of unused Direct Payment funds following the death of a client of Adult Social Care, which breached the terms of the Direct Payment Agreement. The Council is pursuing civil recovery of the full amount lost, of which a partial repayment of £5,000 has so far been received.

Highways Contract – Controls Improvement:

Concerns were raised with the Internal Audit and Counter Fraud Team regarding potentially duplicate job requests being submitted to our Highways Contractor. In collaboration with the service area, the team conducted a thorough investigation using data matching and analytical techniques to identify and validate possible duplicates.

The service responded promptly to address the identified weaknesses, implementing improvements to processes and internal controls. Where duplicate requests had resulted in overcharging, these instances were resolved with the contractor, and a payment adjustment has been made accordingly.

The issues identified related to processes under the previous contract. Within the 2025/26 Internal Audit plan, there is a planned audit of the new contract which will follow up on these findings and assess the effectiveness of the enhanced controls and procedures now in place.

Financial Implications

9. There are financial risks associated with fraudulent activity, as well as with the non-recovery or delayed recovery of funds, which can directly impact the Council's financial position. The Counter Fraud Team continues to play a key role in preventing and detecting fraud and financial irregularities and promoting a strong system of governance and internal controls.

Comments checked by: Lorna Baxter, Executive Director of Resources & S151 Officer lorna.baxter@oxfordshire.gov.uk

Legal Implications

10. There are no direct legal implications arising from this report which presents a summary of activity against the Counter Fraud Plan for 2025/26.

Comments checked by: Jay Akbar, Head of Legal and Governance Services, jay.akbar@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.

Annex: Annex 1: 2025/26 Counter Fraud Plan

Lorna Baxter, Executive Director of Resources & S151 Officer

Contact Officers: Sarah Cox, Chief Internal Auditor,
sarah.cox@oxfordshire.gov.uk
Declan Brolly, Counter Fraud Team Leader,
Declan.brolly@oxfordshire.gov.uk

November 2025.

ANNEX 1: Counter Fraud Plan 2025/26 – Position as at end of October 2025

Theme	Ref	Action	Timescale	Position as at end of October 2025
Govern / Acknowledge	1	Publish an updated version of the Council's Anti-Fraud and Corruption Strategy for 2025/26 as part of its two-yearly review.	November 2025	Updated and presented to the November 2025 Audit & Governance Committee.
	2	Continue development of the Council's fraud risk register.	Ongoing	Ongoing
	3	Develop a new Initial Fraud Impact Assessment process to enable the assessment of the fraud risks of a new system or process.	December 2025	Ongoing. Timescale extended to March 2026.
	4	Complete a self-assessment against the standards published by the Public Sector Fraud Authority. The standards contain basic measures that an organisation should have in place to enable an effective counter-fraud response.	March 2026	On track to be completed by March 2026.
	5	Review and promote available fraud reporting routes for both internal and external sources. Update any associated guidance if required.	December 2025	Ongoing. On track to be completed by December 2026.
Prevent	6	Fraud intelligence alerts to be provided to service areas as necessary.	Ongoing	Ongoing
	7	Review and investigate the results of the National Fraud Initiative 2024/25 exercise, released between January and April 2025.	March 2026	The match review is in progress. On track to be completed by March 2026.
	8	Continue to enhance data analytics capability to support potential areas of proactive work.	Ongoing	Ongoing

	9	Complete joint proactive reviews with Internal Audit, with a focus on preventing and detecting fraud with the use of data analysis techniques.	March 2026	One audit of Absence Recording, which focused on testing compliance with policies and procedures around the recording of annual leave and sickness absences, has been completed and is at draft report stage.
	10	Provide targeted fraud awareness training to internal teams and service areas.	Ongoing	Two training sessions have been delivered to Adults' Direct Payment staff and Headteachers. A further four sessions are booked for Education and Social Care teams within the wider Children's Direct Payments team.
Pursue	11	Conduct investigations into suspected fraud and irregularity (this includes participation in joint investigations with other enforcement authorities).	Ongoing	Ongoing. 11 new cases have been opened from April 2025 to date.
	12	Continue enforcement activities against Blue Badge fraud and misuse by completing on-street exercises, pursuing criminal prosecutions against detected misuse or applying sanctions as required.	3-4 targeted exercises per financial year	One enforcement exercise was conducted in April 2025. A further exercise is planned for the end of Q3.
	13	Respond to information requests from the Police, other Local Authorities, and investigation bodies such as HMRC.	Ongoing	Ongoing
Protect	14	Review and share fraud trends and new threats with relevant service areas.	Ongoing	Ongoing. 9 fraud alerts from the National Anti-Fraud Network (NAFN) have been disseminated to relevant internal teams from April 2025 to date.
	15	Continue to foster relations with other internal and external teams (e.g. Gangmasters Authority, Anti-Slavery Coordinator, Care Quality Commission).	Ongoing	Ongoing