

ANGUS COUNCIL

SCRUTINY & AUDIT COMMITTEE – 13 AUGUST 2013

NATIONAL FRAUD INITIATIVE – PROGRESS REPORT

REPORT BY SERVICE MANAGER - GOVERNANCE

ABSTRACT

The purpose of this report is to update members on the work of the 2012 National Fraud Initiative in Scotland.

1. RECOMMENDATIONS

The Scrutiny & Audit Committee is recommended to note the progress in investigating the matches from the National Fraud Initiative (NFI) 2012

2. INTRODUCTION

The National Fraud Initiative is a major counter-fraud initiative which uses computer data matching techniques to detect fraud and error. The exercise is undertaken every two years and participation is compulsory for Scottish Local Authorities as part of their statutory audit. The NFI in Scotland is coordinated by Audit Scotland.

In October 2012, the Council submitted 14 datasets for the 2012 NFI exercise. The results of the data-matching exercise were released through the NFI secure web application in the first quarter of 2013. A match does not automatically mean that there is a fraud or error; an initial review is carried out to determine which matches can be eliminated and which should be investigated further.

3. SUMMARY OF RESULTS

The Council received a total of 3,783 matches. The majority of the matches related to Creditors (1,792 matches) and Housing Benefits (1,379 matches).

NFI match reports are colour coded to identify high quality, medium quality and reports containing matches based on addresses. There are also filters which can be used to help identify highest risk matches within reports. An initial review was undertaken to identify matches for further investigation. For Creditors, Housing Benefit and Payroll matches it was agreed that a sample of high quality, high risk matches would be reviewed first. Table A below summarises the progress to date.

Table A

Match type	Total Number of matches	Number of matches reviewed	Update July 2013
Creditors	1,792	332	15 matches were confirmed as genuine duplicate payments. All had been investigated before the NFI matches were received.

Housing Benefits	1,380	215	5 frauds have been proven and the Council is recovering £5,796. All 5 cases were identified from the Housing Benefit to Student Loans matches. 16 matches are still under review
Blue badge	314	314	91 Blue Badges have been cancelled as a result of information received through NFI.
Payroll	163	36	No issues identified
Housing tenants	70	44	To date, the only issues identified have been errors in the national insurance number recorded for some tenants. These have been corrected.
Private Residential Care Homes	40	40	The match is to DWP Deceased Persons. In each case, death had occurred after the data had been submitted to NFI and the Council was aware of the death before the NFI matches were released.
Right to Buy	22	22	No issues identified
Insurance	2	2	No issues identified
Total number of matches	3783	1005	

The low level of outcomes identified to date provides assurance that, for those areas covered by NFI, the internal control framework of the council is operating effectively.

1,412 of the 1,792 creditors matches were from one report, which identifies potential duplicate payments where both the invoice amount and the creditor reference match. All matches over £10,000 were reviewed (166 matches) and all but three were confirmed as genuine periodic payments.

Housing Benefit matches are investigated by the Benefit Fraud Team. 50 of the 68 Housing Benefit to Student Loans matches met the NFI recommended filter criteria and these were included in the initial sample for investigation. Five frauds were proven from the initial sample and the Benefit Fraud Team took the decision to investigate all the Student Loans matches.

4. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

5. HUMAN RIGHTS IMPLICATIONS

There are no Human Rights implications arising directly from this report.

6. EQUALITIES IMPLICATIONS

The issues contained in the report fall within an approved category that has been confirmed as exempt from an equalities perspective.

7. CONSULTATION

The Chief Executive, Strategic Director-Resources, Head of Corporate Improvement & Finance and Head of Legal & Democratic Services have been consulted in the preparation of this report.

8. CONCLUSION

Participation in NFI is an integral part of the Council's corporate approach to the prevention and detection of fraud and error. The low level of outcomes identified to date provides assurance that, for those areas covered by NFI, the internal control framework of the council is operating effectively.

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SERVICE MANAGER - GOVERNANCE

NOTE: No background papers, as defined by Sections 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this report.

Gov/JW/SC
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