

ANGUS COUNCIL

SCRUTINY & AUDIT COMMITTEE – 25 AUGUST 2015

NATIONAL FRAUD INITIATIVE – PROGRESS REPORT

REPORT BY JANINE WILSON, SERVICE MANAGER – GOVERNANCE and CONSULTANCY

ABSTRACT

The purpose of this report is to update members on the work of the 2014 National Fraud Initiative.

1. RECOMMENDATIONS

The Scrutiny & Audit Committee is recommended to note:-

- (i) the progress in investigating the matches from the National Fraud Initiative (NFI) 2014.
- (ii) that Audit Scotland have assessed the council's approach to the NFI as satisfactory.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

This report supports the council and services in the delivery of all local outcomes contained within the Angus Community Plan and Single Outcome Agreement 2013-2016.

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.

The datasets for the 2014 NFI exercise were submitted in October 2014. The results of the data-matching exercise were released through the NFI secure web application in the first quarter of 2015. 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. PROGRESS UPDATE

The Council received 67 reports, with a total of 3,403 individual matches. The majority of the matches related to Creditors (1,456 matches) and Housing Benefits (1,111 matches).

NFI reports are colour coded to identify high quality, medium quality and reports containing matches based on addresses. The reports also use filters to identify 'recommended' matches, ie matches which NFI suggest should be prioritised.

Table A below summarises the investigation progress to date. Work continues to check the matches received and identify those that require further investigation.

Table A

Match type	Total matches	'Rec' Matches	Matches closed at 28 June	Comment
Creditors	1,456	169	64	<p>NFI matches identify potential duplicate payments. 1,200 of the matches were from a single report which identifies potential duplicates by amount and creditor reference. A visual scan of the records suggested that these were all legitimate periodic payments. We reviewed an initial sample of 12 matches and no duplicates were identified.</p> <p>Of the 64 cases closed</p> <ul style="list-style-type: none"> • 53 were confirmed as genuine non-duplicate payments. • 10 were closed as 'already known' – in some cases, one 'payment' had been cancelled before being fully processed. In others, a duplicate payment had been made but this had already been identified internally and a refund / credit note obtained. • 1 was a duplicate payment of £2,876 which had not previously been identified. This has been referred to the department to seek a refund.
Housing Benefits	1,115	232	59	<p>Initial investigation work focussed on Housing Benefit to Student Loans matches (84 in total). 35 of these have been closed:</p> <ul style="list-style-type: none"> • 27 were closed as 'no issue' • 7 were closed as 'already aware' – these were under investigation before the NFI matches were received • 1 error was confirmed, which had resulted in overpayment of £2,143 in HB. This is being recovered through reduction in current benefit payment. <p>A further 17 HB to Student Loans matches have been passed to DWP for investigation.</p> <p>The review of other HB matches is ongoing. 24 cases have been closed as 'no issue' and 1 has been closed as 'already aware'. Work continues to identify any cases which should be passed to DWP for further investigation.</p>

Match type	Total matches	'Rec' Matches	Matches closed at 28 June	Comment
Blue badge	592	543	545	Checking of the NFI matches has resulted in the cancellation of 112 Blue Badges, where we were not aware that the badge holder had died.
Payroll	85	24	13	11 of the 'recommended' matches had been included in the previous NFI exercise. All of the new recommended matches have been reviewed, with no issues identified.
Housing tenants	71	11	27	To date, the only issues identified have been errors in the national insurance number recorded for some tenants. These have been corrected. A further 34 cases are currently under investigation
Private Residential Care Homes	40	0	0	The match is to DWP Deceased Persons. In each case, death had occurred after the data had been submitted to NFI and the match is probably a timing issue (as was the case for NFI 2012). Sample testing will be carried out to confirm this.
Right to Buy	22	16	0	The match is to HB claimants and to housing tenants. 5 of the 'recommended' matches were reviewed previously, with no issues identified. The other 'recommended' matches will be reviewed in the coming weeks.
Personal Budgets	21	20	0	This is a new area for NFI 2014. The match is to DWP deceased, HB claimants and pensions. These will be reviewed in the coming weeks.
Insurance	1	1	1	No issues identified
Total number of matches	3,403	1016	709	

Audit Scotland recently asked all external auditors to complete a questionnaire which evaluates the approach of audited bodies to the NFI exercise. The output from the questionnaires will inform the next NFI national report, which is due to be published in June 2016.

For each question, auditors were asked to conclude whether the authority's arrangements are

- Satisfactory;
- Mostly adequate but areas for improvement; or
- Unsatisfactory where improvement is required as a priority.

Angus Council's arrangements were assessed as satisfactory.

4. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

5. EQUALITIES IMPLICATIONS

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

6. 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.

A further update will be reported to this committee when the investigation work has been completed.

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.

REPORT AUTHOR: Shân Coombs
EMAIL DETAILS: ChiefExec@angus.gov.uk