

AGENDA ITEM NO 6

REPORT NO 325/23

ANGUS COUNCIL

SCRUTINY & AUDIT COMMITTEE – 28 NOVEMBER 2023

NATIONAL FRAUD INITIATIVE – PROGRESS REPORT

REPORT BY CATHIE WYLLIE, SERVICE LEADER - INTERNAL AUDIT

ABSTRACT

This report updates members on the progress in processing the 2022 National Fraud Initiative.

1. RECOMMENDATION

- 1.1 The Scrutiny & Audit Committee is recommended to note the progress in investigating the matches from the National Fraud Initiative (NFI) 2022.

2. ALIGNMENT TO THE COUNCIL PLAN

- 2.1 This report supports the Council's zero tolerance approach to fraud and corruption, which in turn supports services in the delivery of corporate priorities set out in the Council Plan and Angus Community Plan.

3. INTRODUCTION

- 3.1 The National Fraud Initiative is a counter-fraud exercise which is undertaken every two years. Participation is mandatory for Scottish local authorities as part of their statutory audit. The NFI is conducted by the Cabinet Office and, for Scottish local authorities, coordinated by Audit Scotland. The Team Leader – Counter Fraud is the Council's NFI Key Contact responsible for coordinating and monitoring the exercise.
- 3.2 Participation in the NFI allows the Council to compare data held in different systems both in our own organisation and those of other bodies. These exercises contribute to the security of public sector finances, help ensure that services are provided to the correct people and reduce losses to fraud and error.
- 3.3 The NFI uses data matching to compare a range of information held by participating bodies to identify potential inconsistencies or circumstances that could indicate fraud or error. These are referred to as "matches". 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. The matches are released through the NFI secure web application. Participating bodies record the outcomes of any investigations on the same secure web application.
- 3.4 At the conclusion of each NFI exercise, Audit Scotland publish a national report, which includes a summary of the national outcomes recorded by participating bodies. This report will be submitted to this committee in due course.

4. NFI 2022 PROGRESS UPDATE

- 4.1 The Angus Council datasets for the 2022 NFI exercise were submitted from October 2022. The results of the data-matching exercise were released from January 2023 onwards. As of 30 September 2023, the Council had received 77 reports with a total of 3,727 individual matches.

- 4.2 The overall approach to investigating the NFI output focussed initially on those matches which NFI suggest should be prioritised for review and investigation. Matches were also selected based on the risk score attributed to each match by NFI. Investigatory work on those matches received is ongoing. Data for Non-Domestic Rates has been uploaded and reports for investigation will follow.
- 4.3 2022/23 saw the continued absence from the exercise of Personal Budget and Private Supported Care Home data due to an unresolved issue over the legal gateway to share information. New matching for HMRC and National Entitlement Card data is intended with the timetable to be notified. HMRC matching will seek to identify undeclared income, capital and residents in Council Tax and Housing Benefit. National Entitlement Card matching may identify improper use of concessionary travel, for example where the card holder is a deceased person.
- 4.4 Exercise outcomes thus far are identified overpayments of £8,227 from four duplicate payments made to creditors and the cancellation of 279 Blue Badges where the badge holder has passed away.

5. FINANCIAL IMPLICATIONS

- 5.1 The overpayments identified, totalling £8,227 are being pursued through our debt recovery processes.

6. CONCLUSION

- 6.1 Participation in NFI is a regular part of the Council's corporate approach to the prevention and detection of fraud and error. Work continues to check the matches received and identify those that require further investigation. The final Angus Council outcomes for NFI 2022 will be submitted to this committee in due course, together with the Audit Scotland national report.

7. EQUALITY IMPACT ASSESSMENT

- 7.1 An Equality Impact Assessment 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.

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