

NATIONAL FRAUD INITIATIVE 2008/09 - ANNUAL REPORT

1. SUMMARY

The Audit Committee on 11 December 2009 agreed their annual work plan which requires that an annual report covering the National Fraud Initiative (NFI) 2008/09 exercise is presented for the March 2010 committee meeting. This report therefore provides comment on Audit Scotland NFI 2008/09 exercise as at 22 February 2010.

2. RECOMMENDATIONS

2.1 The contents of this report are noted and are to be followed up by Internal Audit.

3. DETAILS

3.1 The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise led by Audit Scotland, assisted by the Audit Commission in England. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify circumstances (matches) that might suggest the existence of fraud or an error in payments.

3.2 The role of Internal Audit is to act as the Key Contact for the Audit Scotland NFI exercise. This involves planning for the NFI exercise, the distribution of referrals to departments for follow up, monitoring activities and reporting to senior management and external audit regarding progress with the exercise. The results of the 2008/09 NFI exercise as at 22 February 2010 are set out below in 3.3 with commentary provided in 3.4.

3.3 NFI Exercise 2008/09

	1	2	3	4	5	6
Title	Priority Filter Referrals.	Requiring Follow up	All Match Referrals	Filter sample	Requiring Follow up	Estimated Savings £
Housing Benefits	55	6	1455	81	1	29,253.13p
Payroll	3	0	148	6	0	0
Blue Badges	173	0	18	18	0	0
Private Residential Care Homes	5	0	69	69	0	0
Insurance Claims	2	0	0	0	0	0
TOTALS	238	6	1690	174	1	29,253.13p

- 3.4 Column 1, in the above table indicates the number of priority filter referrals by category that NFI Audit Scotland requires the Council to fully investigate. All 238 were investigated. Those priority referrals worthy of further investigation totalled 6 as detailed in Column 2. The remaining number of referrals is detailed by category in Column 3 and total 1,690. As recommended by NFI Audit Scotland a test sample size of 5% was chosen for each category. Sampling was extended where justified and in some cases the decision was taken to follow up all match referrals, where data for a category was provided for the first time. Of the 1,690 all match referrals, a total of 174 referrals were tested as set out in Column 4, with one requiring further investigation as shown in Column 5. Presently, there are on going investigations for 7 referrals with a potential savings estimate of £29,253.13p.
- 3.5 Outwith the NFI exercise in 2008/09 the Councils own Benefit Fraud Team identified 291 cases worthy of investigation of which 60 were found to be fraudulent claims worth £127,292.32p.
- 3.6 As a result of the NFI 2008/09 exercise, controls have been improved in relation to Blue Badge administration and data transfer between departments has also been improved. In future, the planning exercise will include a structured response timetable from those responsible for investigation of NFI referrals. The timetable will be approved by the SMT.

4. CONCLUSIONS

Internal Audit will follow up the contents of this report.

5. IMPLICATIONS

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| 5.1 | Policy: | None |
| 5.2 | Financial: | None |
| 5.3 | Personnel: | None |
| 5.4 | Legal: | None |
| 5.5 | Equal Opportunities: | None |

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