

NATIONAL FRAUD INITIATIVE 2008 - 2009 EXERCISE

1. SUMMARY

In accordance with the Audit Committee annual work plan a report covering the National Fraud Initiative (NFI) 2008 - 2009 exercise was presented to the March committee. Subsequently, Audit Scotland produced a national report in May 2010 entitled, National Fraud Initiative in Scotland; making an impact. The report provided commentary on the 2008 – 2009 national fraud exercise involving 74 public bodies. A copy of the key findings along with Figure 6 from the report is provided in Appendix 1.

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 currently undertaken in Scotland as part of statutory audits.

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 prioritisation and distribution of referrals to departments for follow up, monitoring activities and reporting to senior management and external audit regarding progress with the exercise.

3.3 Audit Scotland in their NFI 2008/09 national report Figure 6, have included the following comments regarding Argyll and Bute Council, as one of 7 council's participating in the 2008/09 exercise that need to improve their arrangements. Under the heading Commitment – “senior management are committed to NFI but the Council has further work to do in order to fully integrate the departments and services that process the matches into the exercise. Under the heading Prompt follow up – “apart from housing benefits, there were delays in following up matches”.

3.4 In response to the commitment comment, 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 Strategic Management Team (SMT) and better links have been created for increased data transfer between departments

3.5 With regard to the comment on prompt follow up, it should be noted that all high quality matches and risk based sample of all matches were investigated. Housing Benefit matches were followed up timeously although there were delays in following up less important matches. The current Council results in estimated savings from the 2008 – 2009 NFI exercise are detailed below according to referral type.

| 3.6 | Referral Types NFI 2008 – 2009 exercise | No. of NFI Referrals | Tested 5%> | Requiring Investigation | Estimated Savings £ |
|-----|--|-----------------------------|----------------------|--------------------------------|----------------------------|
| | Housing Benefit | 1,510 | 137 | 4 | £50,325.95 |
| | Payroll | 151 | 9 | 0 | 0 |
| | Blue Badge | 191 | 191 | 0 | 0 |
| | Private Residential Care Homes | 74 | 74 | 0 | 0 |
| | Insurance Claims | 2 | 2 | 0 | 0 |
| | Totals | 1929 | 413 | 4 | £50,325.95 |

3.7 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.

4. CONCLUSIONS

Internal Audit will endeavour to progress these matters to a successful conclusion.

5. IMPLICATIONS

- 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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