

NATIONAL FRAUD INITIATIVE (NFI) – NATIONAL EXERCISE 2010/11

1. INTRODUCTION

The Audit Scotland report for the National Fraud Initiative (NFI) 2008/09 exercise listed Argyll and Bute Council as having scope to improve their process in investigating matches. This report highlights that the next NFI 2010/11 national exercise matches were released to the Council on 25 January 2011. The investigation and reporting of NFI matches will need the co-operation and support of officers in both Community and Customer Services. Set out below is the approach and responsibilities required for the 2010/11 exercise.

2. RECOMMENDATION

2.1 The contents of this report are to be noted by the Audit Committee that the Strategic Management Team (SMT) will receive a monthly progress report regarding the investigation of NFI matches by the responsible officers.

3. DETAILS

3.1 The Audit Scotland NFI national report of 2010 commenting on the 2008/09 exercise, cited Argyll and Bute Council as one of the councils that needed to improve their arrangements for the 2010/11 exercise in the following 2 areas; Commitment – Audit Scotland recognised that senior management were committed to NFI, but that the Council had further work to do in order to fully integrate the departments and services that process the matches into the exercise; Prompt follow up – The report stated that apart from housing benefit, there were delays in following up matches.

3.2 In response, arrangements have now been put in place with additional staff given access to the NFI system in order to process the matches within the required timeframe. Better communication with and within departments has increased awareness about the NFI exercise and will aid the investigation of NFI matches.

3.3 However it should be noted that Argyll and Bute Council although receiving criticism from Audit Scotland was praised by the Audit Commission regarding the 2008/09 NFI exercise, for its effort in reviewing the outcomes from the Blue Badge Dataset. They noted that we had some of the best outcomes in the country for this area and that, a high proportion of the Blue Badges that had been processed resulted in badges being cancelled or a note not to be reissued posted on the NFI website.

3.4 Datasets approved by the appropriate Executive Directors were released to the NFI. The table below shows the dataset matches received from the NFI for the 2010/2011 exercise. The NFI exercise requires the Council to investigate both recommended filter matches and a percentage sample of total matches per dataset. The number of matches recommended for investigation and the number processed as at 21 February 2011 are set out in the table below. In addition, the departmental contacts responsible for investigating matches are listed. Good progress has been made to date and it is hoped that by the time of the Grant Thornton review in March 2011 that there will only be the Housing Benefit matches to be progressed to a conclusion.

3.5

Datasets	Recommended Filter Matches	Total Matches	Matches to be Investigated	Matches Processed To Date	Responsible Officer
Housing Benefit	143	1315	260	26	Fraud Administrator
Creditors	509	5542	172	148	Creditors Supervisor
Payroll	5	186	24	1	Payroll Supervisor
Residential Care Homes	38	38	38	38	COMPLETED
Blue Badges	83	84	84	84	COMPLETED
Insurance	0	7	7	7	COMPLETED
Total	765	7172	585	304	-

3.5 The SMT will receive a monthly report from Internal Audit on the progress being made with the investigation of dataset matches. External Audit will review progress of the dataset matches in March 2011, and this will be an opportunity to outline our processes and the progress made to date. As further External Audit review dates become available, SMT and departmental contacts will be advised.

3.6 The next report to the SMT will include a timeline for the completion of the remaining matches to be investigated. The report will also include a conclusion of internal audit's on-going dialogue with Grant Thornton regarding how the investigation of the large number of creditor matches is to be undertaken. Discussions with both Audit Scotland and Grant Thornton have identified a methodology to progress the investigation of creditor matches which has resulted in a drop of 663 potential matches to be investigated to 172. Presently creditor's staff has undertaken 148 investigations.

4. Conclusion

4.1 Processing the NFI matches has commenced. Future monthly updates

to the SMT will report progress towards the completion of the remaining matches.

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24 Feb.