

NATIONAL FRAUD INITIATIVE (NFI) – NATIONAL EXERCISE 2012/13

1. INTRODUCTION

Audit Scotland undertakes data matching under section 26A of the Public Finance and Accountability (Scotland) Act 2000 which provides that Audit Scotland may carry out data matching exercises, or arrange for them to be carried out on its behalf. The Audit Commission's NFI team carries out this work.

This report provides the current position regarding the Accounts Commission – Audit Scotland NFI exercise for 2012/13. It details the steps recently taken by Internal Audit and services in preparation for the NFI referral matching exercise that commenced in January 2013.

2. RECOMMENDATION

- 2.1 The Audit Committee is asked to note the contents of this report which will be followed up by Internal Audit.

3. DETAILS

- 3.1 In December 2012 Internal Audit reported to both the Strategic Management Team (SMT) and Audit Committee that the requirements set out by the Accounts Commission were met.
- 3.2 As at 29 January 2013 the Accounts Commission, through Audit Scotland, issued the Council with both NFI match referrals and recommended filters for review and testing. These are set out in Table 1 below. The NFI matches cover the following areas:
- Housing Benefit Claimants;
 - Payroll;
 - Private Residential Care Homes;
 - Blue Badge Parking Permits;
 - Insurance Claimants; and
 - Creditors.
- 3.3 The Creditors Section received a number of referrals and recommended filters for testing. Creditors operate a system comparable to that of the NFI. Audit Scotland agreed that the Creditors system level of testing to be reduced under NFI procedures. Recommended filter testing was subsequently reduced to 50 from 253 as set out in Table 1, with testing now complete.
- 3.4 With regard to Housing Benefit matches and recommended filters, the Benefits Section has commenced their review of the NFI referrals. They are in the

process of comparing their real time data systems with the data received from the NFI exercise. This comparison may indicate as with the Creditors Section that they have systems that will permit the level of recommended filter testing to be reduced. However, this will only be determined in agreement with Audit Scotland.

- 3.5 NFI referred matches for Insurance Claimants is complete. Private Residential Care Homes and Payroll referral match testing on recommended filter matches has commenced.
- 3.6 Blue Badge testing was commenced in February 2013 but was halted on receipt of an email from the NFI saying that the data they had supplied regarding deceased persons may be inaccurate. The exercise will recommence on notification from the NFI that they consider their data is accurate.

4 CONCLUSION

- 4.1 The Council's success with the last NFI exercise was down to co-operation between services. In particular the allocation of responsibility to officers within services was the key by which the Accounts Commission and Audit Scotland dates were met. Set out in Tables 1 and 2 are the key details pertaining to the NFI 2012/13 exercise status along with key dates for both the Accounts Commission and Audit Scotland.

APPENDIX 1

Table 1 – Responsible Officers for NFI Exercise 2012/13

Datasets	Total NFI Matches	Number of NFI Recommended Matches	Status of Testing	Responsible Officer	Target dates for completion of Matches
Housing Benefit	1296	171	Started	Counter Fraud Manager	Nov/ 2013
Creditors	7024	253	50 Complete	Creditors Supervisor	Nov/ 2013
Payroll	1940	481	Started	Payroll Supervisor	Nov/ 2013
Residential Care Homes	223	203	Started	Finance Officer	Nov/ 2013
Blue Badges	137	116	On hold	Customer Services Advisor/Registrar	Nov/ 2013
Insurance	5	0	5 Complete	Insurance Assistant	Nov/ 2013
Total	10710	1309			

Table 2 – Key Dates

Key Dates	Target Dates
Audit Scotland interim	November/December 2013
Audit Scotland will use the outcomes as at this date for the national report	Monday 31 March 2014
Audit Scotland will publish the 2014 NFI report	May 2014

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