

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

---

**1. INTRODUCTION**

Audit Scotland carries out data matching under 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 Accounts Commission's NFI team carries out the matching work on their behalf.

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 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 As at 29 January 2013 the Accounts Commission through Audit Scotland issued the Council with match referrals requiring testing. The data matches received were for:

- Housing Benefit Claimants;
- Payroll;
- Private Residential Care Homes;
- Blue Badge Parking Permits;
- Insurance Claimants; and
- Creditors.

The number of recommended matches for testing is listed on Table 1.

- 3.2 A Supplementary release of matches was issued in September 2013, all departments were requested to check the NFI site and report if any new matches were required by their department. No further matches were required for Payroll, Creditors, Residential Care Homes, Insurance or Council Tax. Two further matches were required for Housing Benefit and two for Blue Badges. See Table 1.
- 3.3 NFI referred matches for Creditors, Insurance claimants and Private Residential Care Homes has been reviewed and are now complete with no issues found.
- 3.4 Blue Badge match testing has now progressed with all 120 matches being reviewed, 66 were found to have errors which have now been rectified and all matches are now complete.

- 3.5 Housing Benefit match testing has now been completed, 149 matches have been completed and a further 27 require further investigation, there were 3 cases where Fraud had already been uncovered by the department with the total of these amounting to £24,316.20 these cases have been referred to the Procurator Fiscal.
- 3.6 Payroll referral match testing is progressing. 7 matches are complete and a further 474 require investigation, these are targeted to be completed during December.

#### **4. CONCLUSION**

- 4.1 The Council's success with the last NFI exercise was down to co-operation between services. The target dates set out in table 1 have been challenging for some departments and more time should be allocated by management to enable staff to complete the matching process within deadlines in the future. Set out in Tables 1 and 2 is a summary of progress to date and key dates for both the Accounts Commission and Audit Scotland. Table 3 shows a summary of the results of the exercise up to 2 December 2013.

## APPENDIX 1

**Table 1 – Responsible Officers for NFI Exercise 2013/14**

<b>Datasets</b>	<b>Total Matches</b>	<b>New Matches in Sept 13</b>	<b>NFI Key Filter Matches</b>	<b>Status of Sample Match Testing</b>	<b>Responsible Officer</b>	<b>Target dates for completion of Matches</b>
<b>Housing Benefit</b>	1296	2	173	149 Complete, 27 under investigation	Counter Fraud Manager	All cases reviewed further investigation required.
<b>Creditors</b>	7024	0	253	50 Completed	Creditors Supervisor	Complete
<b>Payroll</b>	1940	0	481	Started – 7 complete, 4 under investigation	Payroll Supervisor	Dec/ 2013
<b>Residential Care Homes</b>	223	0	203	234 Completed	Finance Officer	Complete
<b>Blue Badges</b>	137	2	118	120 Completed	Customer Services Advisor/Registrar	Complete
<b>Insurance</b>	5	0	0	5 Completed	Insurance Assistant	Complete
<b>Council Tax</b>	0	0	0	N/A	Revenues Supervisor	N/A
<b>Total</b>	<b>10625</b>	<b>4</b>	<b>1228</b>			

**Table 2 – Key Dates**

<b>Key Dates</b>	<b>Target Dates</b>
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

**Table 3 – Summary of results for NFI Exercise 2013/14 as at 2 December 2013**

<b>Datasets</b>	<b>Total Matches</b>	<b>New in Sept 13</b>	<b>NFI Key Filter Matches</b>	<b>Status of Sample Match Testing</b>	<b>Matches requiring further investigation</b>	<b>Errors corrected</b>	<b>Already Known to department as fraud or error</b>	<b>Completed – No issues</b>	<b>Responsible Officer</b>
<b>Housing Benefit</b>	1296	2	173	149 Complete, 27 under investigation	27 13 - currently being dealt with by ABC Benefit Section 14 - Referred to Fraud for further investigation	4	65	80	Counter Fraud Manager
<b>Creditors</b>	7024	0	253 - Audit Scotland agreed the Creditors system permitted testing to be reduced to 50.	50 Completed	0	0	0	50	Creditors Supervisor
<b>Payroll</b>	1940	0	481	Started – 7 complete, 4 under investigation	0	0	0	7	Payroll Supervisor
<b>Residential Care Homes</b>	223	0	203	234 Completed	0	0	0	234	Finance Officer
<b>Blue Badges</b>	137	2	118	120 Completed	0	66	0	54	Customer Services Advisor/ Registrar
<b>Insurance</b>	5	0	0	5 Completed	0	0	0	5	Insurance Assistant
<b>Totals</b>	10625	4	1228		27	70	65	489	