

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

---

**1. INTRODUCTION**

- 1.1 Audit Scotland carries out data matching and arranges for this to be carried out under 26A of the Public Finance and Accountability (Scotland) Act 2000.
- 1.2 This report provides the current position regarding the 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 5 March 2013 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 have been reviewed and are now complete with no issues found.
- 3.4 Blue Badge match testing has been completed with all 120 matches being reviewed, 66 were found to have errors. The majority of errors were council system and human errors, where the information received had not been uploaded into the correct part of the system, these have now been rectified and procedures put in place to prevent future occurrences.

- 3.5 Housing Benefit match testing has now been completed. There were a total of 175 matches to be investigated of which 166 matches have been completed with 9 requiring further investigation. Of the 9 matches requiring further investigation there are 4 which are being dealt with by the Benefits Section and the other 5 are being investigated by the Fraud Team. The Fraud Team are waiting on information from other organisations to finalise the 5 cases they are investigating. There were 3 cases where Fraud had already been uncovered by the department with the total of these amounting to £24,316. These cases have been referred to the Procurator Fiscal but we do not know the outcome at this stage.
- 3.6 Payroll referral match testing has progressed with 396 matches complete and 85 reviewed but requiring further investigation. The majority of the 85 cases are awaiting further clarification to enable procedures to be updated to prevent future errors and investigations rather than being suspected cases of fraud or overpayment.

#### **4. CONCLUSION**

- 4.1 Appendix 1 shows a summary of the results of the exercise up to 5 March 2014. The Council input to the NFI exercise is largely complete with only a few areas still to be finalised or further investigated. Audit Scotland will use the outcomes as at 31 March 2014 for the national report and will publish the NFI report in May 2014.

#### **5. IMPLICATIONS**

- 5.1 Policy – None. Report is for information only.  
5.2 Legal – None. Report is for information only.  
5.3 Finance - None. Report is for information only.  
5.4 Human Resources – None. Report is for information only.  
5.5 Equalities – None. Report is for information only.  
5.6 Risk – None. Report is for information only.  
5.7 Customer Service – None. Report is for information only.

For further information please contact Internal Audit on 01546-604294

Bruce West  
Head of Strategic Finance  
7 March 2014

**APPENDIX 1 - Summary of results for NFI Exercise 2013/14 as at 5 March 2014**

<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> All cases reviewed further investigation required.	1296	2	173	166 Complete, 9 under investigation	9 4 - Being dealt with by ABC Benefit Section 5 - Referred to Fraud Team for further investigation and waiting info from other organisations	5	65 Includes 3 cases of fraud amounting to £24,316 which has been referred to the Procurator Fiscal	96	Counter Fraud Manager
<b>Creditors</b>	7024	0	253 - Creditors system permitted testing to be reduced to 50.	50 Completed	0	0	0	50	Creditors Supervisor
<b>Payroll</b> All cases reviewed further investigation required.	1940	0	481	396 complete, 85 under investigation	85	0	0	396	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
<b>Insurance</b>	5	0	0	5 Completed	0	0	0	5	Insurance Assistant
<b>Totals</b>	10625	4	1228	1065	94	71	65	835	