

Meeting of:	<b>Audit Committee</b>
Date of Meeting:	<b>Tuesday, 03 September 2019</b>
Relevant Scrutiny Committee:	Corporate Performance and Resources
Report Title:	National Fraud Initiative Update
Purpose of Report:	To present to Members with a status report on the progress made to date on the National Fraud Initiative
Report Owner:	Head of the Regional Audit Service
Responsible Officer:	Head of Finance & Section 151 Officer
Elected Member and Officer Consultation:	No Elected Members have been consulted but Officers in Legal Services and Head of Finance have
Policy Framework:	The proposals in this report are in accordance with the policy framework and budget
<p>Executive Summary:</p> <ul style="list-style-type: none"> <li>• This is a biennial exercise coordinated in Wales by the Wales Audit Office. Data is extracted from the Council's systems and reports containing 4,438 potential matches were released back to the Council in January 2019.</li> <li>• To date 68.3% of matches have been reviewed and a total of £30,874 has been identified as recoverable.</li> <li>• Work is on-going on the remaining matches with the Corporate Investigation Officer co-ordinating the approach to ensure that recovery is maximised and any identified weaknesses in systems and processes are identified and improved.</li> </ul>	

## **Recommendation**

1. That Members give due consideration to the NFI update report

## **Reason for Recommendation**

1. To keep the Audit Committee informed

### **1. Background**

- 1.1 The National Fraud Initiative (NFI) has run every 2 years since 1996. The exercise is coordinated in Wales by the Wales Audit Office in collaboration with equivalent bodies in England, Scotland and Northern Ireland. Participating organisations, such as other Local Authorities, DWP, NHS & Trusts, Police and Housing Associations submit data to the NFI where it is matched against other data sets using specific criteria. The submitted information is wide ranging and includes data sets relating to housing benefits, council tax, payroll, creditors, licensing, disabled blue badges, concessionary travel, insurance claims, care homes and personal budgets.
- 1.2 Reports containing potential matches are released to each organisation to investigate. It is important to note that where a match is found it is not in itself evidence of a fraud and may be an error or an inconsistency that requires further investigation or an explanation for a data match prompts the organisation to update their records and/or improve their systems.
- 1.3 The most recent data extraction and matching exercise was undertaken in September 2018 and the matches were released in January 2019. A total of 4,438 matches have been provided.

### **2. Key Issues for Consideration**

- 2.1 The Council's Corporate Investigation Officer is coordinating the NFI work and is providing training to staff to ensure a consistent approach across the Council. In some instances matches instigate a review of the processes in place which is undertaken by Internal Audit to identify if any improvements to existing controls are required.
- 2.2 A breakdown of the current position is attached at Appendix A. To date 3,033 of the 4,438 matches (68.3%) have been processed and work is still on-going on the remaining matches. It is illustrated that £30,874 has been identified as recoverable.
- 2.3 It should be noted that a Cabinet Office estimated saving figure is also listed on Appendix A which amounts to £46,757. This is a notional figure that the Cabinet Office uses to count savings nationally.

- 2.4 The greatest number of matches (1,795) are Creditor matches. Creditor matches identify potential duplicates against creditor name, reference, address, and invoice reference or amount. When the potential matches were initially reviewed it was identified that many of the payments were genuine and this initial sift enabled 1,616 to be closed leaving 149 to be investigated further.
- 2.5 Single person discount to electoral register identified 1,008 potential matches. To date 34% have been reviewed with 6 errors being identified whereby recovery of £3,167 is being undertaken.
- 2.6 There are also different types of Housing Benefit matches. Appendix A illustrates that over 96% of these matches have now been processed and £13,169 has been identified as recoverable against 9 cases.
- 2.7 Some matches require liaison between other organisations. For example some payroll matches identify that employees are being paid by more than one organisation. Payroll Officers from each relevant organisation then share information to determine if there is any potential fraud or error. It is recognised that there are genuine cases whereby employment can be in more than one organisation and work is on-going with these matches to determine this.
- 2.8 Work is on-going on the outstanding matches. To date no fraud has been identified, however recovery action is underway on the identified errors.

### **3. How do proposals evidence the Five Ways of Working and contribute to our Well-being Objectives?**

- 3.1 The programme of fraud awareness training and participation in the national data matching exercise demonstrates collaboration with others with the aim of making improvements over the longer term.

## **4. Resources and Legal Considerations**

### **Financial**

- 4.1 To ensure that the Council funds and resources are used appropriately.

### **Employment**

- 4.2 There is no direct resource impact on employment

### **Legal (Including Equalities)**

- 4.3 Public Service organisations have a responsibility to embed effective standards for countering fraud, corruption and bribery into the organisations. This

supports good governance and demonstrates effective financial stewardship and strong public financial management. The Council's Anti-Fraud and Bribery Policy incorporates reference to the Bribery Act 2010. This Bribery Act provides a more effective legal framework to combat bribery.

- 4.4** The CIPFA Code of Practice on Managing the Risk of Fraud & Corruption published in October 2014, sets out the principles that define the governance and operational arrangements necessary for an effective counter fraud response.

## **5. Background Papers**

None

**Natinal Fraud Initiative - Position Update 15th August 2019**

Report Group	Total Matches	Total Recommended Matches	Processed	% of Recommended Matches Processed	% of Total Matches Processed	Outcomes / Example Resolution	Error (£)	Cabinet Office Saving (£)
Housing Benefits	490	486	474	97.5%	96.7%	12 recommended matches outstanding.		
						Housing Benefit Claimants to Student Loans: 6 errors identified, all fully recoverable, £9,220.54.	9,220.54	
						Housing Benefit Claimants to Payroll: 2 errors identified, both fully recoverable, £121.77.	121.77	
						Housing Benefit Claimants to Taxi Drivers: 1 error identified, fully recoverable, £3,827.16	3,827.16	
						Cabinet Office estimated saving: £11,013.17		11,013.17
Council Tax Reduction Scheme	684	680	486	71.5%	71.0%	194 recommended matches outstanding.		
Blue Badge Parking Permit	246	246	6	2.4%	2.4%	239 recommended matches outstanding, with a further case under investigation.		
						2 badges to duplicate issue claimants cancelled.		
						Cabinet Office estimated saving: £1,150.00		1,150.00
Payroll	19	16	8	50.0%	42.1%	8 recommended matches outstanding.		
Personal Budgets	26	25	2	8.0%	7.7%	23 recommended matches outstanding.		
Private Residential Care Homes	43	43	0	0.0%	0.0%	43 recommended matches outstanding.		
Payroll to Creditors	30	16	6	37.5%	20.0%	10 recommended matches outstanding.		
Resident Parking Permit	9	9	0	0.0%	0.0%	9 recommended matches outstanding.		
Creditor Reports	1795	1765	1616	91.5%	90.0%	149 recommended matches outstanding.		
Council Tax SPD to Electoral Register	1008	1008	347	34.4%	34.4%	661 recommended matches outstanding.		
						6 errors identified, totalling £3167.08. Full recovery action has been implemented on all 6 cases.	3,167.08	
						Cabinet Office estimated saving: £4,430.98		4,430.98
Council Tax - Rising 18s	88	88	88	100.0%	100.0%	All matches reviewed and closed.		
						35 errors identified, totalling £14,537.24. Full recovery action has been implemented on all 35 cases.	14,537.24	
						Cabinet Office estimated saving: £30,163.28		30,163.28
<b>TOTAL</b>	<b>4,438</b>	<b>4,382</b>	<b>3,033</b>	<b>69.2%</b>	<b>68.3%</b>		<b>30,873.79</b>	<b>46,757.43</b>