

DECISION-MAKER:	AUDIT COMMITTEE
SUBJECT:	NATIONAL FRAUD INITIATIVE 2010-11
DATE OF DECISION:	6 DECEMBER 2011
REPORT OF:	CHIEF INTERNAL AUDITOR
STATEMENT OF CONFIDENTIALITY	
None.	

BRIEF SUMMARY

The National Fraud Initiative (NFI) is a data matching exercise run by the Audit Commission which matches electronic data within and between participating bodies to prevent and detect fraud. The NFI is run every two years and is part of the statutory audit process for health, local government and the other public sector providers that the Audit Commission is responsible for. Approximately 1,500 organisations supply data in areas like housing benefit, payroll and pensions which is then cross-matched to identify inaccuracies or potential fraud.

RECOMMENDATIONS:

- (i) To note the current status of the 2010 -11 National Fraud Initiative data matching.

REASONS FOR REPORT RECOMMENDATIONS

1. The Audit Committee is the member body with responsibility for oversight of and provision of assurance to the Standards and Governance Committee on 'the scope and effectiveness of the internal control systems established by management to identify, assess, manage and monitor financial and non-financial risks (including measures to protect against, detect and respond to fraud)'.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. None.

DETAIL (Including consultation carried out)

3. The NFI is the Audit Commission's data matching exercise that runs every two years and is designed to help participating bodies identify possible cases of fraud and detect and correct any consequential under or overpayments from the public purse.
4. Nationally, the Audit Commission has reported that the most recent exercise (NFI 2008/09) identified £215 million of fraud, overpayments and errors across the United Kingdom from local government, central government, the NHS and a number of private sector bodies.
5. As part of the 2008/09 NFI exercise Southampton City Council identified £132,235 of fraud. A substantial element of this was in respect of Council Tax Single Person Discounts.
6. The scope of the 2010-11 NFI exercise included:
 - Payroll;
 - Pensions;

- Creditors;
- Housing;
- Insurance claimants;
- Private supported care home residents;
- Transport passes and permits; and
- Licences

The 2010-11 NFI exercise identified 11,582 matches.

7. In each case, and in advance of the data being supplied, all necessary steps were taken to ensure compliance with the Audit Commission's statutory 'Code of Data Matching Practice' in respect of the notification to data subjects that data held on systems may be used for the prevention or detection of fraud.
8. In accordance with the NFI timetable in October 2011, the Council Tax dataset was uploaded to the NFI website and arrangements are in place to ensure the required Electoral Registration data set is available to be uploaded on 5 December 2011.
9. In November 2011 the Audit Commission undertook a risk assessment of the Council's progress with regard the National Fraud Initiative, concluding a low risk (green status) opinion.
10. As part of the 2010-11 NFI exercise, to date £64,965 of fraud / error has been identified.

RESOURCE IMPLICATIONS

Capital/Revenue

11. None.

Property/Other

12. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

13. The Audit Commission Act 1998 and the Accounts and Audit (England) Regulations 2011 require the Council to adopt Good Governance arrangements in respect of the discharge of its functions. The above arrangements are intended to meet those responsibilities.

Other Legal Implications:

14. None.

POLICY FRAMEWORK IMPLICATIONS

15. None.

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KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:

SUPPORTING DOCUMENTATION

Non-confidential appendices are in the Members' Rooms and can be accessed on-line

Appendices

1.	2010 -11 National Fraud Initiative Exercise – Outcomes to Date
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Documents In Members' Rooms

1.	None
2.	

Integrated Impact Assessment

Do the implications/subject of the report require an Integrated Impact Assessment (IIA) to be carried out.	No
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Other Background Documents

Integrated Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.		
2.		