

<b>DECISION-MAKER:</b>		AUDIT COMMITTEE	
<b>SUBJECT:</b>		NATIONAL FRAUD INITIATIVE 2008-09	
<b>DATE OF DECISION:</b>		25 JANUARY 2010	
<b>REPORT OF:</b>		NEIL PITMAN – CHIEF INTERNAL AUDITOR (ACTING)	
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<b>STATEMENT OF CONFIDENTIALITY</b>			
NOT APPLICABLE			

## 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.

The 'Internal Control' section of the 'Comprehensive Performance Assessment 2009 - Use of Resources' makes specific reference to the NFI and requires that the council can demonstrate effective participation in the National Fraud Initiative (NFI).

## RECOMMENDATIONS:

The Audit Committee is asked to:-

- (i) Note the current status of the 2008-09 NFI data matching exercise

## 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)'.

## CONSULTATION

2. Not applicable

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. No alternative options have been considered

## DETAIL

4. 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.
5. Nationally, the Audit Commission has reported that the most recent exercise

(NFI 2006/07) identified £140 million of fraud and error across the United Kingdom from local government, central government, the NHS and a number of private sector pension bodies.

6. To date the outcome of the 2008-09 NFI exercise is as follows:

NFI Exercise	Identified Fraud (£)	Recovering (£)
2008 - 09	132,235	101,982
2006 - 07	46,196	

7. The scope of the 2008-09 NFI exercise was extended to include residents' parking permits, blue badges and concessionary travel passes, insurance claims, private care home residents, market trader and taxi driver licences. This is addition to the current data sets that include housing benefit, creditors, housing rents, right to buy and payroll. In addition, further data matching is being undertaken relating to Electoral Registration and Council Tax data. The 2008-09 NFI exercise identified 13,883 matches.
8. 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.
9. In accordance with the NFI timetable in December 2009, further datasets were uploaded for Housing rents (Currents Tenants), Council Tax and Electoral Register. Additionally the first phase of data matches were released relating to Unlawful Subletting.
10. It is understood that the results of additional matches will be available mid March 2010.
11. In October 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.

## **FINANCIAL/RESOURCE IMPLICATIONS**

### **Capital**

10. NONE

### **Revenue**

11. NONE

### **Property**

12. NONE

### **Other**

13. NONE

## **LEGAL IMPLICATIONS**

### **Statutory power to undertake proposals in the report:**

14. The Audit Commission Act 1998 and the Accounts and Audit (Amendment) (England) Regulations 2006 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:**

16. NONE

**POLICY FRAMEWORK IMPLICATIONS**

17. NONE

**SUPPORTING DOCUMENTATION**

**Appendices**

1.	None
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**Documents In Members' Rooms**

1.	None
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**Background Documents**

Title of Background Paper(s) None

Relevant Paragraph of the  
Access to Information  
Procedure Rules / Schedule  
12A allowing document to be  
Exempt/Confidential (if  
applicable)

1.		
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<b>Background documents available for inspection at:</b>	n/a
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<b>FORWARD PLAN No:</b> N/A	<b>KEY DECISION?</b> N/A
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<b>WARDS/COMMUNITIES AFFECTED:</b> All
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