

Report of	Meeting	Date
Head of Shared Assurance Services	Governance Committee	27 September 2012

National Fraud Initiative Members' Briefing 2012

PURPOSE OF REPORT

1. To remind members of the work undertaken by the Council in respect of the Audit Commission's National Fraud Initiative (NFI);
2. To provide members with an NFI briefing note recently issued by the Audit Commission incorporating a checklist which has been completed on members behalf by Internal Audit;
3. To demonstrate that the Council is complying with and contributing effectively to the NFI.

RECOMMENDATION(S)

4. That the report be noted.

CORPORATE PRIORITIES

5. This report relates to the following Strategic Objectives:

Strong Family Support		Education and Jobs	
Being Healthy		Pride in Quality Homes and Clean Neighbourhoods	
Safe Respectful Communities		Quality Community Services and Spaces	
Vibrant Local Economy		Thriving Town Centre, Local Attractions and Villages	
A Council that is a consistently Top Performing Organisation and Delivers Excellent Value for Money			x

BACKGROUND

An Overview of the Audit Commission's National Fraud Initiative

6. The NFI exercise has been carried out every two years since 1996. In 2007 the Audit Commission introduced the Single Person Discount NFI Exercise, (Council Tax data matched against the Electoral Register) which is carried out in the interim year. Nationally, a total of £939 million of fraud, overpayments and error has been identified so far. The main categories of fraud continue to relate to pensions, council tax and housing benefit.
7. The Audit Commission runs the NFI to help detect fraud, overpayments and error. The NFI is a data matching exercise, using sophisticated computer techniques which match data within and between organisations.
8. Over 1300 public and private organisations are involved. All local councils, police authorities, fire and rescue authorities and local NHS bodies are required by law to provide data for the

NFI. A number of other public sector and private sector bodies also participate on a voluntary basis.

9. Various information is compared including: benefits, insurance, payroll, pensions, creditors, taxi and personal alcohol licences, market traders, residents' parking permits; concessionary Now Card data; the electoral register and council tax records. The following provides a couple of examples of the data matches the NFI undertakes:

Data Match	Possible Fraud or Error
Housing Benefit payments to payroll records.	Claiming housing benefit by failing to declare an income.
Payroll records to other payroll records.	An employee working for one organisation while being on long-term sick leave at another.

10. The NFI works within a strong legal framework, namely the Data Protection Act 1998, the Audit Commission Code of Data Matching Practice and the Audit Commission Act 1998. The Council's Information Services section is involved with the data submission process and all the data is transferred to a secure Audit Commission website, using an electronic transfer process which encrypts data on upload.
11. NFI is a key weapon in our armoury to tackle fraud and acts as a powerful deterrent. It provides an excellent example of what can be achieved when organisations combine forces to tackle growing fraud risks. Fraud prevention is often beyond the means of individual organisations as they have limited powers and means to share data between departments and with other bodies.

Roles, Responsibilities & Outcomes at CBC

12. The Senior Responsible Officer for NFI is the Chief Executive, assisted by Internal Audit who co-ordinate the Council's input. The investigations are undertaken by Internal Audit and the Revenues and Benefits Service. In addition, a great deal of support is provided by services across the Council.
13. The outcomes achieved from the latest exercise (2010/11) include: benefit fraud investigations identified £24.5k of overpayments, where recovery is in progress, and 2 cases resulted in successful prosecutions. Further information about the outcomes from the latest exercise is contained in Appendix 2.

Audit Commission's National Report

14. The Audit Commission is keen to ensure that elected members should be effectively engaged in the NFI exercise. For that reason they produced a Members' Briefing in May 2012 to provide an overview to members of the contents of the National Report, please refer to Appendix 1. A checklist was also developed to help members understand and assess the Council's approach to NFI. To assist Members, Internal Audit has completed the checklist, which can be found in Appendix 2.

Confidential report	Yes	No
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IMPLICATIONS OF REPORT

The matters raised in the report are intended to mitigate the risk that Members' would not be aware of the impact of the Audit Commission's NFI.

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

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 HEAD OF SHARED ASSURANCE SERVICE

Background papers include the Audit Commission's NFI National Report 2012

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