

Appendix 2

Chorley Borough Council Members' Briefing, May 2012

The National Fraud Initiative (NFI) – A checklist for members

Question	Answers/action required
The NFI in our council	
What is the role/post of the senior responsible officer accountable for the NFI in our council?	The Senior Responsible Officer (SRO) is the Chief Executive, Gary Hall.
Do we have a lead elected member for counter-fraud activity, including the NFI?	Chair of the Governance Committee, Councillor Leadbetter.
What role does our Governance committee play?	Receive updates about the NFI as part of the Internal Audit Annual Report to the Governance Committee.
How are other elected members or non-executive members kept informed of the NFI?	Information articles are published in "In the Know" e-bulletin; prior to each NFI exercise and to provide updates regarding key outcomes from the exercise. In addition, a letter is issued to all Members prior to the main NFI exercise, informing them about the process.
What governance arrangements do we have in place to ensure the organisation achieves the best possible outcomes from the NFI? Who decides and monitors this approach?	<p>The Council provides all mandatory datasets in accordance with the Audit Commission guidelines. All data is held in a secure electronic folder prior to submitting the data to the Audit Commission; access is restricted to specific individuals. Below is the process following receipt of results.</p> <p>Each NFI report is reviewed and cases investigated in accordance with the Audit Commission guidelines.</p> <p>Additionally Housing/Council Tax Benefit cases are investigated as set out in the Benefit Enquiry Unit Procedure Manual.</p> <p>Officers involved in the exercise undertake on-line training, provided by the Audit Commission and are made aware of the requirements of the Data Protection Act.</p> <p>Although the SRO has delegated co-ordination of the Council's input to the NFI to Internal Audit, he is responsible for approving the Council's approach. This includes taking key operational process decisions, approval of letters and articles.</p> <p>Using the NFI Secure Site, Internal Audit monitors the progress of investigations to ensure the reports are progressed in accordance with the Audit Commission Handbook.</p>

	<p>Updates on performance are provided to the Governance Committee via Internal Audit's Annual Report.</p> <p>The Audit Commission has access to the Council's results; it monitors progress and reviews the Council's approach.</p>
How is the NFI reflected in the governance training and development provided for officers and board/elected members?	<p>Awareness about the NFI exercise and outcomes is provided as follows:</p> <ul style="list-style-type: none"> • Raising awareness by writing to members and officers prior to the main NFI exercise. It is also promoted in E-News and Views and as part of the Corporate Team Brief. • Internal Audit's Annual Report to the Governance Committee. • New and revised governance documents are presented to Governance Committee for approval. • Governance documents are available on the Loop.
Maximising results	
What resources do we invest in the NFI?	<p>Internal Audit: staff time co-ordinating the Council's input to the NFI; receipt, initial sift and then distribution of results for investigation; investigating payroll, creditors and concessionary travel reports; monitoring progress; reporting results. Use of computer software, IDEA, to reduce the number of council tax/single person discount matches for investigation.</p> <p>30 days have been allocated to NFI in the 2012/13 Audit Plan.</p> <p>Benefit Enquiry Unit: Staff time investigating matches and where benefit fraud is proven, implementing the Council's Sanctions and Prosecution Policy.</p> <p>Data holders: staff time complying with the Audit Commission Code of Data Matching Practice; extracting the required data at the right time.</p> <p>Other Services: Provision of Legal and Human Resources (HR) advice where necessary.</p>
What were our outcomes from the most recent NFI?	<p>NFI 2010/11 (Main Exercise)</p> <p>2183 reported cases for review. From these cases the following outcomes were achieved:</p> <p>Overpayments:</p> <ul style="list-style-type: none"> • Housing benefit / council tax benefit £14,178 • Income support / jobseekers allowance £10,399 <p>Ongoing weekly reduction of the Benefits bill £191.</p> <p>Sanctions concerning benefit cases:</p> <ul style="list-style-type: none"> • 2 prosecutions

	<p>No significant findings arose from the creditors, insurance, concessionary travel and payroll data matches.</p> <p>NFI 2011/12 (Council Tax and Electoral Register)</p> <p>779 reported cases for review. The matches are currently being progressed by the Council Tax Section and the Benefits Anti-Fraud Team.</p>
<p>Are we ensuring we maximise the benefits of the NFI – for example, following up data matches promptly, recovering funds and prosecuting where possible?</p>	<p>Matches are followed up as promptly as resources allow.</p> <p>Appropriate cases are followed through to sanction/prosecution and funds are recovered.</p>
<p>What assurances have we drawn about the effectiveness of internal controls and the risks faced by the organisation?</p>	<p>The results from the exercise did not indicate that any procedural changes were required. This provides assurance that internal controls are effective and the risks faced by the organisation are mitigated as far as practicable.</p>
<p>What changes have we made as a result?</p>	<p>Refer to the above response.</p>
<p>Do those responsible for the NFI in the council feel they get appropriate support from other managers in the council when investigating matches?</p>	<p>Support is available to investigating officers from the Legal Section, Internal Audit and HR, as required.</p>
<p>Broadening our council's engagement with the NFI</p>	
<p>Are we taking advantage of the opportunity to suggest and participate in NFI pilot data matching?</p>	<p>Any new opportunities / improvements identified would be forwarded to the Audit Commission.</p> <p>To date we have not been invited to take part in NFI pilot data matching.</p>
<p>Have we considered how we could use the new flexible batch and real-time matching services?</p>	<p>There is a cost and time implication to using the new services; this will be considered in full by an officer sub-group.</p>
<p>Data Security</p>	
<p>What is our strategy/policy for data security?</p>	<p>The Council has an Information Security Framework which explains why information should be protected and provides a clear statement on how information should be managed and secured.</p> <p>All employees involved in the NFI exercise have been briefed on the confidentiality of data, follow Audit Commission guidelines and operate very strict data security measures as a matter of course.</p>

	<p>Data is provided to the Audit Commission via a secure NFI website using an electronic transfer process which encrypts data on upload.</p> <p>Access to the results of the exercise is provided using the same secure tool. Employees are not given permission to extract or print information from the secure site, unless it is absolutely necessary.</p>
Is there any specific reference to the NFI data security in the strategy	None of the current ICT policies and strategy makes specific reference to the NFI, but they explain generically how data should be managed.
The NFI fit with wider counter-fraud policies	
How does the NFI influence the focus of our counter-fraud work?	<p>30 days are set aside in the 2012/13 Internal Audit Plan for the NFI exercise. In addition, an amount of time is set aside to investigate irregularities and this time could be utilised to investigate any potential frauds.</p> <p>The NFI data matches are managed carefully so as not to have a negative impact on existing Housing Benefit fraud cases and vice versa.</p>
Does our counter-fraud policy include reference to the council's participation in the NFI?	Chorley Borough Council recognises the very real impact that the cross matching of data can have on the prevention and detection of benefit fraud; this is reflected in the Anti Fraud and Corruption Strategy (Section 8).
Do we publicise the outcomes from the NFI?	Press releases are issued for individual cases which lead to a successful prosecution
How does the NFI influence how and what we communicate to the public about our approach to counter-fraud?	<p>To deter individuals from committing fraud the Council pro-actively publishes information about the NFI exercises and outcomes from previous exercises, this includes:</p> <p>To comply with fair processing notice requirements the Council promotes the NFI prior to exercises, through information held on the website. Additionally the NFI is referred to in the Council Tax leaflet and various application forms, for example benefit, taxi and recruitment application forms.</p> <p>NFI is mentioned in articles as being a key weapon in the armoury to prevent and detect fraud following the successful prosecution of NFI cases.</p>
Are the outcomes from the NFI used to inform our wider decision making – for example, internal audit risk assessments, data quality improvement work or anti-fraud and corruption policy?	Any significant weaknesses identified during the exercise are addressed immediately. Internal Audit would ensure that appropriate controls are implemented to counter-act the risks identified. All other minor issues would be noted for inclusion within the next relevant planned Internal Audit review.

