

NATIONAL FRAUD INITIATIVE

Audit Commission Checklist for Members - Findings from Self-Assessment

	Assessment Question	Finding	Recommended Action
1	What is the role/post of the most senior officer accountable for NFI in the organisation?	The Responsible Financial Officer, currently Head of Finance.	
2	<p>How do we involve Members?</p> <p>§ Do we have a lead elected/board member for counter fraud and the NFI?</p> <p>§ What role does the audit committee play?</p> <p>§ How are other elected members/ non-executive members kept informed of the NFI?</p>	<p>Members have been involved reactively only (e.g. where NFI issues have been identified in CPA/CAA assessments or where a Committee has requested information on NFI).</p> <p>§ Lead Member would be Portfolio Holder for Finance.</p> <p>§ Finance & Audit Scrutiny Committee receives annual Anti-Fraud and Corruption Policy/Strategy Report and approves the Action Plan. Major cases of fraud would be reported individually at the conclusion of investigation irrespective of whether discovered through NFI or other means. Half-yearly reporting to Finance & Audit Scrutiny Committee on the NFI is proposed as part of a package of measures to address recent problems meeting the Audit Commission requirements.</p> <p>§ Members are not proactively kept informed of NFI beyond the 'fair processing' notice enclosed with payslips at the time of payroll data extractions (currently once every 2 years). If NFI was formally reported to Finance & Audit Scrutiny Committee, other Members would be informed automatically through Committee minutes.</p>	<p>Implement half-yearly reporting on NFI to Finance & Audit Scrutiny Committee. <i>(Head of Finance/Key Contact)</i></p>

	Assessment Question	Finding	Recommended Action
3	<p>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>	<p>A member of the Internal Audit team acts as Key Contact and reports on all NFI matters directly to the Head of Finance. Until recently, all NFI work has been handled within the Audit and Risk Division of Finance where it has been subject to existing lines of management and co-ordinated by the Key Contact.</p> <p>The need for a change of approach has been recognised and is the subject of a report to Senior Management Team (July 2010), although the Key Contact role is expected to remain the same.</p>	<p><i>(See report to Senior Management Team 28th July 2010)</i></p>
4	<p>What resources do we invest in the NFI.</p>	<p>Apart from statutory fees and advertising costs (average approximately £1,500 pa), the 'investment' is the deployment of existing staff resources as required. For the Key Contact responsibilities, an allocation of days is built into the Internal Audit Plan (25 days for year ending 31st March 2011).</p> <p>However, by far the main burden of workload is in investigating housing benefit and council tax discount matches. This entails staff in Customer Information and Advice (Revenues and Benefit Investigation Teams) being diverted for substantial periods from normal day-to-day duties, although the actual amount of officer time involved has not been quantified. In the most recent NFI, a combination of staffing reductions and a lack of preparedness have led to failure in completing benefit and council tax match investigations within the timescales prescribed by the Audit Commission. Resourcing for future NFI demands needs to take account of the recent officer restructure and foster a more collaborative approach.</p>	<p>Formulate and implement an action plan to ensure that the necessary resources are deployed on an ongoing basis to meet the NFI requirements within the prescribed timescales. <i>(Head of Finance/ Head of Customer Information and Advice)</i></p>

Assessment Question	Finding	Recommended Action
<p>5 What is our strategy/policy for data security? Is there any specific reference to NFI data security in the strategy?</p>	<p>Key provisions of Information Security Policy include "Warwick District Council will ensure that:</p> <ul style="list-style-type: none"> § Information will be protected against unauthorised access. § Confidentiality of information will be assured. § Integrity of information will be maintained. § Regulatory and legislative requirements will be met." <p>No known data security 'strategy' document. ICT Services Manager known to be undertaking a self-assessment against the Local Government Data Handling Guidelines (SocITM 2009) which include provision for an 'Information Charter'.</p> <p>No provisions specific to NFI data security. As only 8 staff in the whole Council (apart from the Head of Finance and Key Contact) handle NFI data, it is not seen as appropriate for NFI specific provisions being incorporated in Council-wide security policies. A separate policy document on secure handling of NFI data for the consumption of relevant staff would be preferable.</p> 	<p>Formulate and implement a policy for secure handling of NFI data. <i>(Head of Finance/Key Contact).</i></p>
<p>6 What have been the outcomes from the most recent NFI?</p> <ul style="list-style-type: none"> § What savings have been made? § What assurances have been drawn about the effectiveness of internal controls and risks faces by the organisation? § What changes have we made as a result? 	<p>Nothing of significance except for council tax (this is despite comprehensive and thorough checks on the matches).</p> <ul style="list-style-type: none"> § Council tax discount circ. £150k clawed back. § No risk and control issues have ever arisen as a direct result of NFI. § No changes have ever been made as a result of NFI outcomes. 	<p>None</p>

	Assessment Question	Finding	Recommended Action
7	<p>Are the outcomes from the NFI used to inform wider decision making, for example internal audit risk assessments, data quality improvement work or anti-fraud and corruption policy?</p>	<p>The NFI has traditionally operated in isolation from the wider risk, control, counter-fraud and data quality management frameworks. The low levels of matches outside the realms of housing benefits and council tax, and the insignificant outcomes overall (except for council tax), can be viewed as a testament to robust internal control in the service functions covered by the NFI, but has never been formally recognised as such.</p> <p>The Audit Commission cites NFI outcomes showing little or no fraud/error as providing a significant element of assurance to participating bodies about their control arrangements, and as strengthening evidence for their Statements of Internal Control.</p> <p>The NFI outcomes have not been taken into account in the Council's Data Quality Strategy (where the primary focus has been on PI data), although exception checks routinely undertaken on NFI data extractions represent a commitment to ensure the highest quality achievable within the limitations of the source data available.</p> <p>For the most recent NFI the Audit Commission published data quality statistics that showed the Council's record for completeness of data, where less than 100%, was greater than the local authority average across most key datasets. Additionally, postal address checks on the NFI submissions gave Warwick District a higher accuracy rating than the national average across all datasets except for resident parking permits. There is still, however, some room for improvement achievable through greater care and attention at the source data collection stage on some systems.</p> <p>NFI outcomes in the past have not proved significant enough to directly influence anti-fraud and corruption policy. The Anti-Fraud and Corruption Policy Strategy (which contains the formal statement of policy) is essentially a framework document and refers generically to data matching and investigations.</p>	<p>(i) Consider incorporating NFI outcomes in the Annual Governance Statement and/or relevant Service Assurance Assessments.</p> <p><i>(Head of Finance/ Audit & Risk Manager/ Key Contact)</i></p> <p>(ii) Review NFI data quality assessments and consider improvement measures with regard to the Data Quality Strategy.</p> <p><i>(Head of Finance/ Key Contact)</i></p>

Assessment Question		Finding	Recommended Action
8	How does the NFI influence the focus of our counter-fraud work? Does our anti-fraud policy include reference to the organisation's participation in the NFI?	<p>Because of its negligible contribution to fraud detection at the Council, the NFI has always been seen as an unwelcome diversion from the mainstream work of involving Internal Audit and Benefit Fraud Investigators. Although the first results from council tax discount matching are encouraging, the view from Revenues is that other more efficient and effective avenues are available.</p> <p>The Anti-Fraud and Corruption Strategy does not specifically mention the NFI but does provide for working with other organisations including data matching. The separate Housing & Council Tax Benefit Anti-Fraud Policy does include a reference to NFI as part of wider provisions for data matching.</p>	None
9	How is the NFI reflected in the governance training and development provided for officers and board/elected members?	As far as is known, no corporate officer or Member training makes any mention of NFI.	Review scope of governance training for officers and Members and consider merits of incorporating NFI provisions.
10	How to we publicise the outcomes from the NFI? How does the NFI influence what we communicate to the public about our approach to counter-fraud?	<p>Again because of their relative insignificance in the scheme of things, NFI outcomes are not generally publicised and have not directly influenced public communication on out counter-fraud arrangements.</p> <p>The NFI process is publicised 2-yearly in officer/Member payslips, tenant newsletter and public notice in the local press as well as having a permanent page on the Council's website. Contact details for NFI-related enquiries are included in all these sources. In the circumstances, this is seen as sufficient.</p>	None