

 Finance & Audit Scrutiny Committee - 11 October 2011		Agenda Item No. <div style="font-size: 2em; float: right;">5</div>
Title	National Fraud Initiative Update	
For further information about this report please contact	Ian Wilson, Senior Internal Auditor	
Service Area	Finance	
Wards of the District directly affected	None	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	
Date and meeting when issue was last considered and relevant minute number	29 th March 2011, Minute 125	
Background Papers	Code of Data Matching Practice (Audit Commission 2008) NFI Referrals Database (Audit Commission) NFI Internal Working Papers (Internal Audit) NFI Reports to Head of Finance (24/5/10) and Senior Management Team (28/7/10) NFI Reports to this Committee 24/8/10 and 29/3/11	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors' relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Relevant Director	03 December 2016	Andy Jones
Chief Executive		
CMT		
Section 151 Officer	03 December 2016	Mike Snow
Legal		
Finance	03 December 2016	Mike Snow
Portfolio Holder(s)	03 December 2016	Councillor Mobbs
Consultation Undertaken		
Final Decision?	Yes	

1. **SUMMARY**

- 1.1 This report is being presented to the Committee in accordance with the Work Programme item requiring an update on the National Fraud Initiative (NFI).

2. **RECOMMENDATIONS**

- 2.1 That this Committee notes the progress to date on meeting the requirements of the National Fraud Initiative.
- 2.2 That future monitoring of the Council's compliance with the National Fraud Initiative is overseen by the Head of Finance in consultation with the Portfolio Holder.

3. **REASONS FOR THE RECOMMENDATION**

- 3.1 Reporting to this Committee on the NFI was reintroduced from 2010 to address a recommendation from the Audit Commission to engage elected members in what they see as a major part of counter-fraud work in the local government sector. It is now felt that this can be achieved effectively through ongoing consultation between senior management and the Portfolio Holder and informing this Committee on the outcomes through other periodic reports presented on control assurance and/or counter-fraud.

- 3.2 The NFI is a rolling data matching exercise undertaken by the Audit Commission requiring the participation of all audited bodies under their remit. The Audit Commission actively monitors progress at each authority.

- 3.3 The latest tranche of matches was issued at the end of January 2011 and, at the time of the previous report in March 2011, the follow-up investigations were in their early stage with no outcomes to report. The current position at the time of writing is summarised in Appendix 1. The outcomes arising to date are:

	£
Overpayment of Housing Benefit (recoverable)	5,231
Overpayment of Housing Benefit (official error - non-recoverable)	2,861
Creditor overpayments recovered	7,679
Council Tax Single Person discount recouped	20,766

Note: these outcomes are additional to those arising from the ongoing review and investigative work undertaken by the Revenues, Benefit Fraud and Internal Audit teams.

- 3.4 The investigations are complete in all areas except housing and council tax benefits where there are items outstanding. These are being progressed at the time of the report further update on these will be presented at the meeting.
- 3.5 A new match between council tax and electoral registration data is due to take place in early 2012 and referrals expected around March.
- 3.6 The justification for being required to participate has been repeatedly questioned given the low incidence of outcomes when compared with the cost and absorption of staff resources involved. There is, however, a significant value to consider in terms of independent assurance gained on the effectiveness of controls in the relevant Council services which complements Internal Audit reviews and other sources of assurance.

4. **ALTERNATIVE OPTIONS CONSIDERED**

4.1 Not applicable

5. **BUDGETARY FRAMEWORK**

5.1 There are no direct budgetary implications arising.

6. **POLICY FRAMEWORK**

6.1 The Council has a statutory obligation to participate in the NFI under the Audit Commission Act 1998. Participation also helps to deliver the objectives of the Anti-Fraud and Corruption Policy and is specifically provided for in the Housing and Council Tax Benefit Anti-Fraud Policy.

7. **BACKGROUND**

7.1 The National Fraud Initiative (NFI) is a national inter-organisational data matching exercise undertaken by the Audit Commission over continuous two-year cycles as part of the statutory audit of all public bodies under its remit. The NFI is chiefly concerned with tracking benefit fraud, although fraud and irregularities are also targeted in respect of:

- employment
- social housing tenancies
- right to buy
- occupational pensions
- student loans
- trade creditors
- council tax discounts
- licensing (taxi and alcohol)
- concessionary travel and resident parking permits
- insurance claims.

7.2 To meet its obligations under the NFI, Warwick District Council has to:

§ extract and supply data to the Audit Commission;

§ review and, where appropriate, investigate output referred back from the data matching processes and report the outcomes to the Audit Commission.

7.3 To comply with law and best practice in handling and sharing personal information, the process is governed by a Code of Data Matching Practice published by the Audit Commission.

7.4 The Audit Commission regards the Responsible Financial Officer as having overall management responsibility for the NFI at each local authority and, as part of this responsibility, is required to designate a suitable council officer as named 'Key Contact'. Ian Wilson (Senior Internal Auditor) is designated Key Contact for Warwick District Council.