

 Finance & Audit Scrutiny Committee - 10 July 2012		Agenda Item No. 9
Title	National Fraud Initiative	
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Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No	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	National Report and Council Members' Briefing – 24 th August 2010 (Minute 41) Performance Update – 11 th October 2011 (Minute 70)	
Background Papers	The National Fraud Initiative 2010/11 (Audit Commission National Report Full Version – May 2012) Code of Data Matching Practice (Audit Commission 2008) NFI Referrals Database (Audit Commission) NFI Internal Working Papers (Internal Audit)	

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	27 June 2012	Andy Jones
Chief Executive		
CMT		
Section 151 Officer	27 June 2012	Mike Snow
Legal		
Finance	27 June 2012	Mike Snow
Portfolio Holder(s)	28 June 2012	Councillor Mobbs
Consultation & Community Engagement		
Not applicable		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

1.1 The purpose of this report is to present to Members:

- § the main points from the Audit Commission's National Fraud Initiative (NFI) Report 2012 and associated Council Members' Briefing document;
- § final outcomes of the Council's investigations into the data matches from the 2010/11 NFI programme;
- § the findings from self-assessment of the Council's NFI arrangements against the checklist contained in the Members' Briefing and proposed actions to address any remaining gaps arising.

2. **RECOMMENDATIONS**

2.1 That this Committee notes:

- § the contents of the attached Council Members' Briefing (Appendix 1);
- § the findings from the self-assessment (Appendix 2);
- § the proposed actions from the above self-assessment.

3. **REASONS FOR THE RECOMMENDATION**

- 3.1 The Council has a statutory obligation to participate in the National Fraud Initiative. This obligation is expected to continue after the planned abolition of the Audit Commission.
- 3.2 The NFI considers itself to be major contributor to public sector counter-fraud activity and continually seeks to expand its influence in both the public and private sectors.
- 3.3 NFI has recently published its biennial [National Report](#) summarising the results of the latest cycle of data matching, along with an overall evaluation of the local authorities' performance in fulfilling their role and details of any related issues (without identifying the authorities concerned). As on the previous occasion, the Report is accompanied by Briefing for Council Members that concludes with a self-assessment checklist.
- 3.4 In the 24th August 2010, a self-assessment against the previous such Briefing and checklist was reported to this Committee which approved a list of actions to address gaps identified. The new checklist effectively reiterates the previous one, but with structural change and new questions added.
- 3.5 This is seen as an appropriate time to re-assess the Council's NFI arrangements in the light of enhanced checklist and the final outcomes from the latest round of NFI matches.

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
- 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.

7.6 The outcomes for Warwick District Council from the 2010-11 NFI round are summarised overpage.

Match Type	No. of matches	No. of cases of fraud/ error identified	Savings arising £
Housing and Council Tax Benefit	1,120	52	56,700
Payroll	190	Nil	
Housing Tenants	75	Nil	
Right to Buy	9	Nil	
Concessionary Travel Passes	86	Not known	<i>See 1. below</i>
Resident Parking Permits	4	Nil	
Insurance Claims	1	Nil	
Taxi Drivers	3	1	<i>See 2. below</i>
Duplicate Creditors	1,234	5	7,700
Council Tax Discount	1,328	71	20,800

1. No record kept of passholders deleted as result of match.

2. Immigration status of licence holder shows leave to remain in UK expired. Decision pending on application for leave to remain, meanwhile has no right to work and legal advice being sought on suspension of licence.