

National Fraud Initiative – 2012/13 Outcomes**Report by Kathleen Leddy, Revenues Manager, Security and Systems****1 Purpose of Report**

This report is to provide Audit Committee with a final update on the outcomes of the National Fraud Initiative (NFI) for 2012/13 following on from an interim update at the previous Audit Committee of 18 March 2014. This report also provides new information in relation to Council Tax and Electoral Roll matches and NFI planning for 2014/15.

2 Background

- 2.1** The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise led by Audit Scotland, assisted by the Audit Commission. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, to identify circumstances (matches) that might suggest the existence of fraud or error.
- 2.2** The NFI allows public bodies to investigate these matches and, if fraud or error has taken place, to stop payments and attempt to recover the amounts involved. It also allows auditors to assess the arrangements that the bodies have put in place to prevent and detect fraud, including how they approach the NFI exercise itself.
- 2.3** Data was uploaded to Audit Commission in October 2012 and the resulting matches were made available to Midlothian Council in January 2013.

3 Report Implications**3.1 Resource**

There are no resource implications arising from this report.

3.2 Risk

The NFI is a control that is implemented to ensure any fraud or error is identified. It also provides assurance that if no fraud or error is found, that existing control methods are adequate.

Ensuring that proper arrangements are in place to deal with the resulting NFI matches is critical in ensuring the Council meets its obligations and also provides assurance to Internal and External auditors.

3.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- Community safety

- Adult health, care and housing
- Getting it right for every Midlothian child
- Improving opportunities in Midlothian
- Sustainable growth
- Business transformation and Best Value
- None of the above

3.4 Key Priorities within the Single Midlothian Plan

N/A

3.5 Impact on Performance and Outcomes

Participation in the NFI ensures that fraud or error can be identified as a result of data matching with information from public bodies.

3.5 Adopting a Preventative Approach

NFI matching also provides assurance that existing data held is free from fraud or error.

3.6 Involving Communities and Other Stakeholders

Consultation has taken place with Internal Audit colleagues in accordance with previous External Audit recommendations.

3.7 Ensuring Equalities

This report is not proposing any new or changes to policy and as such, there are no issues requiring an EQIA.

3.8 Supporting Sustainable Development

N/A

3.9 IT Issues

None.

4 Summary

4.1 A summary of the matches received is shown below with details of the outcomes of the checks:

Section	Number of Matches (2012/13)	Cleared No Issue	Checking/ Investigating	Closed after Investigation	Other
Benefit Fraud	1243	806	-	9 ¹	428 ²
Payroll	92	92	-		
Disabled Parking Clients (Blue Badge)	129	84	-	45 ³	
Housing	50	50	-	-	
Private Residential Care Homes	49	49	-		
Insurance Claims	26	-	-	-	26 ⁴
TOTAL	1668	1668	-	54	454

*1 The Benefit Fraud cases are detailed in Appendix 1 of the report.

*2 Housing Benefit and/or Council Tax Reduction cases which relate to Pension Credit cases will be progressed by The Pension Service or relate to Assessed Income Periods. Assessed Income Periods exist for those customers in receipt of Pension Credit and who may have had an increase in capital or income. They can legitimately be ignored until the end of the Assessed Income Period term.

*3 45 Blue Badges were cancelled as a result of NFI in cases where we did not know that the Blue Badge holder was deceased.

*4 Insurance Claim matches are checked and progressed by our external Insurance Company. No feedback has been received on these matches and should be reported directly back to Audit Commission.

4.2 NFI & Electoral Roll matches

Council Tax and Electoral Roll data was supplied and matched on 8 May 2014 which matched the Council Tax database with the Electoral Roll. The resulting matches are summarised below and are in the process of being sifted and checked for fraud or inaccuracy.

Match	Number of Matches Received	Number Outstanding
Council Tax to Electoral Roll (involving Benefit)	319	
Council Tax to Electoral Roll (involving Single Person Discount)	596	
Council Tax to Electoral Roll (identifying those reaching aged 18)	187	187

All matches will be sifted, checked and investigations commenced for any cases prior to 30 September 2014.

4.3 NFI Planning – 2014/15

Dataset guidance and information has been released from the Audit Commission and planning for the 2014/15 exercise is underway. Midlothian Council data will be provided to the Audit Commission in October 2014 and matches available for checking will be provided in January 2015.

5 Recommendations

The Audit Committee is invited to agree the contents of this report. An update will be provided to the Audit Committee on 28 October 2014 at which point, investigations will have concluded for any Council Tax and Electoral Roll matches and data will have been provided for the 2014/15 exercise.

2 June 2014

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Background Papers:

Appendix 1: Benefit Fraud Matches

Declaration Box

Instructions: This box must be completed by the author of the report. The box will be copied and saved by the Council Secretariat who will delete it from the report prior to photocopying the agenda.

Title of Report: National Fraud Initiative – 2012/13 Outcomes

Meeting Presented to: Audit Committee

Author of Report: Kathleen Leddy, Revenues Manager, Security and Systems

I confirm that I have undertaken the following actions before submitting this report to the Council Secretariat (Check boxes to confirm):-

- All resource implications have been addressed. Any financial and HR implications have been approved by the Head of Finance and Integrated Service Support.*
- All risk implications have been addressed.*
- All other report implications have been addressed.*
- My Director has endorsed the report for submission to the Council Secretariat.*

For Cabinet reports, please advise the Council Secretariat if the report has an education interest. This will allow the report to be located on the Cabinet agenda among the items in which the Religious Representatives are entitled to participate.

Likewise, please advise the Council Secretariat if any report for Midlothian Council has an education interest. The Religious Representatives are currently entitled to attend meetings of the Council in a non-voting observer capacity, but with the right to speak (but not vote) on any education matter under consideration, subject always to observing the authority of the Chair.