National Fraud Initiative Update

Report by Kathleen Leddy, Operational Support Manager

1   Purpose of Report

This report is to provide Audit Committee with:

- an update on the outcomes of the National Fraud Initiative (NFI) for 2012/13 following on from an update at the previous Audit Committee of 17 June 2014;
- an update on the Council Tax and Electoral Roll matches, with option for additional "pre Referendum" Electoral Roll matches, and;
- information relating to NFI planning/resourcing for the 2014/15 exercise.

2   Background

2.1   A report was brought to Audit Committee in 17 June 2014 providing an interim update on the results of the 2012/13 exercise. This report also provided information in relation to the Council Tax and Electoral Roll matches identified in summer 2014.

2.2   Audit Scotland contacted each Scottish Local Authority in September 2014 to offer an additional Council Tax and Electoral Roll match due to the surge in people registering to vote in the Scottish Independence Referendum.

2.3   An October 2014 version of the Electoral Roll has been provided in December 2014 and will shortly be matched with Council Tax and Benefit records to identify any fraud or error and updates on this exercise can be provided at future Audit Committee meetings.

2.3   The NFI exercise is a biennial match of Council data sets to identify fraud and error. The matching exercise also provides assurance that Council data sets are complete and free from fraud and error.

3   Report Implications

3.1   Resource
There are resource implications for those services that will be responsible for checking matches when they are available. These services are within Finance and Integrated Service Support: Benefit Fraud and Housing, Employment and Rewards, Private Residential Care Homes, Direct Payments. The Commercial Operations service in relation to Disable Parking (Blue Badges.)

2012/13 Outcomes:

Section	Number of Matches (2012/13)	Cleared No Issue	Checking/ Investigating	Closed after Investigation	Other
Benefit Fraud	1243	806	-	10[*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	-	-	-
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.

Electoral Roll and Council Tax matches:

Match	Number of Matches Received	Cleared (No Issue)	Under Investigation
Council Tax to Electoral Roll (involving Benefit)	319	304	15[*4]
Council Tax to Electoral Roll (involving Single Person Discount)	596	563	33[*5]
Council Tax to Electoral Roll (identifying those reaching aged 18)	187	187	187[*6]

[*4] Seven cases are currently under investigation and eight cases have yet to be allocated for investigation.
[*5] 33 cases need to be reviewed and progressed by the Visiting Officer
[*6] This report identifies those who will turn 18 in 2014. Approach still to be agreed.

3.2 Risk
If the data matches are not checked and progressed effectively and efficiently, there is a risk that fraud and error to the Council will not be identified.

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.

3.6 Adopting a Preventative Approach
NFI matching also provides assurance that existing data held is free from fraud or error.

3.7 Involving Communities and Other Stakeholders
Consultation has taken place with Internal Audit colleagues in accordance with External Audit recommendations.

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

3.9 Supporting Sustainable Development
N/A

3.10 IT Issues
None.

4 Summary
A summary section may be inserted here if required.

5 Recommendations
The Audit Committee is invited to agree the contents of this report and note actions for Officers in the forthcoming year. It is proposed to provide an update to the Audit Committee on 17 March 2015 (initial update,) 5 May 2015 (interim update) and 15 September 2015 (final update)

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Background Papers:

n/a