

## EAST AYRSHIRE COUNCIL

### GOVERNANCE AND SCRUTINY COMMITTEE – 24 SEPTEMBER 2010

#### OUTCOME OF 2008/2009 NATIONAL FRAUD INITIATIVE & FORWARD PLAN FOR 2010/11 INITIATIVE

##### Report by Executive Director of Finance and Corporate Support

#### 1. PURPOSE OF REPORT

To provide Members of the Committee with a summary of the key outcomes from the 2008/09 National Fraud Initiative exercise; to highlight the positive action taken across Departments to deal with possible data matches identified; and to set out a forward work plan in respect of the forthcoming 2010/11 Initiative.

#### 2. BACKGROUND

The National Fraud Initiative (NFI) in Scotland is a counter fraud exercise carried out under the direction of Audit Scotland as part of the statutory audit framework. In 2008/09 74 Scottish public bodies participated in NFI. Data was provided by participants in October 2008 through an encrypted upload facility to ensure secure data transfer and avoid physical transmission and processing. This was then processed and cross matched to a number of sources with possible matches being made available to bodies from February 2009 onwards.

Data matches highlight inconsistencies which after further investigation may indicate fraud or error. There is no presumption that fraud or error has in fact taken place conclusions are only reached after each particular match has been fully investigated. Access to the possible data matches is again via the encrypted website with this specifically designed to allow prioritisation of matches to be followed up.

The National Fraud Initiative helps:

**Public Bodies** – to investigate these matches and, if fraud or error has taken place, to immediately stop payments; to attempt to recover the amounts involved; and strengthen internal controls for the future. Where no fraud or error is found this allows assurance to be placed on existing systems of internal control.

**Auditors** – to assess the arrangements that public bodies have put in place to prevent and detect fraud and error, including their approach to the NFI exercise.

It has also been identified that the NFI, together with other data matching exercises can act as a positive deterrent to fraud in that claim forms and other media communications include “fair processing notices” explaining that data provided can be provided to our auditors for the purpose of detecting and preventing fraud.

The focus of NFI in Scotland is the electronic matching of data from a variety of systems and sources to help reduce the level of housing benefit fraud, occupational pension fraud, payroll fraud and also tenancy fraud. Housing benefit fraud remains a significant risk for all Councils. Data matching exercises have helped to identify issues such as claimants failing to declare income and savings as well as those making simultaneous claims to more than one Council.

### **3. OUTCOMES AND IMPACT OF THE 2008/09 NFI EXERCISE**

#### **3.1 National Outcomes**

Audit Scotland reported in May 2010 that at a national level the outcomes from the 2008/09 NFI were in the region of £21M, with the cumulative total since the process began being estimated at £58M. The main outcomes from the 2008/09 exercise have been in matches involving housing benefit, pension payments, invalid council tax single person discounts and disabled persons' parking permits (blue badges) that were no longer valid. The main outcomes reported where:

- 179 occupational pensions stopped – deceased pensioners
- 1,042 housing benefit payments to public sector pensioners either stopped completely or reduced
- 331 housing benefit payments to local authority employees stopped or reduced
- 74 housing benefit payments to NHS employees stopped or reduced
- 208 housing benefit payments to students stopped
- 4,322 invalid council tax single person discounts withdrawn
- 4,340 blue badges cancelled after NFI identified holder was deceased
- 18 employees dismissed or resigned
- 220 alleged frauds reported to the Procurator Fiscal

#### **3.2 Local Outcomes**

The current result of the 2008/09 data matching exercise as at 31 August 2010 are set out in full in Appendix 1 to this report. Where action is still progressing this is also identified.

Test programmes were agreed for all categories of data matches where assessed as appropriate. In total 88 suspected frauds/errors have been identified so far with an aggregate value of £149,542. Of these:

- 18 related to matches of Housing Benefit information to student loan data;
- 13 to HB matched with internal and external payroll records;
- 7 matched HB data to pension records;
- 1 related to housing records and;
- 49 matched council tax data to electoral register.

Of the potential frauds identified above 1 case resulted in an administrative penalty being applied and accepted and a further 17 cases have been referred to the Procurator Fiscal, with one case being found guilty and with notification of court dates expected for the others. All other errors highlighted by the data matching process are being pursued by the Benefits Service for recovery of the overpayments calculated.

### **3.2.1 New Mandatory Datasets Included in the 2008/09 exercise**

The 2008/09 NFI exercise included additional mandatory data sets for: 1) Disabled Parking – Blue Badges; 2) Private Supported Care Home Residents. These datasets were matched to records of deceased persons provided by the Department of Works and Pensions (DWP) to identify any fraudulent usage or payments. Data was also required to be matched in respect of council tax single person discount data with that provided by the Ayrshire Joint Valuation Board in respect of the electoral register.

For the new matches identified in respect of disabled parking blue badges and private supported care home residents all were checked by the Department of Educational and Social Services and no issues were highlighted as a concern, allowing assurance to be taken from the existing controls in place.

In respect of the council tax single person data match two separate matches were provided: (1) specifically highlighting all those in the household about to reach the age of 18 and (2) all cases which may have had more than one person in the household.

In relation to single person data the first match (nearing 18 yrs of age) was fully checked which resulted in 49 cases having discount removed. As a consequence an additional £12,178 collectable council tax income was added to the accounts. The second match underwent a 20% sample check with the results showing that a very high percentage required no action and consequently satisfactory assurance was taken that the data held by us was accurate and no further action was taken. These two matches have been submitted again in December 2009 and the results were made available in March 2010 with further follow up being carried out.

### **3.2.2 Additional Optional Risk Based Data Submissions for 2008/09**

For the 2008/09 exercise the following categories were identified as data that, subject to an assessment of the controls in place and also of whether

there is a realistic expectation that further assurance would be gained through data matching, could also be submitted.

1. Trade Creditors payments history and standing data
2. Trade Creditors standing data
3. Residents Parking
4. Personal Injury etc Insurance Claims
5. Taxi Licence Holders
6. Market Traders Licences
7. Personal licences for supply of alcohol

Following discussion at the NFI working Group in respect of existing arrangements and levels of associated risk it was agreed that for the 2008/09 only information in relation insurance claims and market traders' licences would be submitted. It was subsequently decided not to submit the latter information as it was considered that as the existing application forms did not require the submission of data such as national insurance numbers any subsequent matching carried out would be of limited success. This information will however be included within the 2010/11 data submission.

#### **4. STRATEGY FOR THE MANAGEMENT OF THE 2010/11 PROCESS**

##### **4.1 Structure**

It was agreed by the Corporate Management Team in April that the existing NFI Officer Working Group would be retained subject to a review of membership by Executive Directors to ensure that all additional risk based datasets required as part of the 2008/09 NFI could be identified and submitted within the agreed timetable.

The Group continues to be chaired by the Financial Controller as the representative of the Executive Director of Finance and Corporate Support with the Revenues and Benefits Manager retaining the nominated key contact role for the NFI.

It was recommended to and agreed by the Corporate Management Team that the following key staff be included within the group membership.

##### **Finance & Corporate Support**

- ❖ Financial Controller (Chair)
- ❖ Revenues & Benefits Manager (NFI Key Contact )
- ❖ Payroll Manager
- ❖ Financial Systems Officer
- ❖ Employee Relations Manager
- ❖ Audit Manager –I.T.
- ❖ Finance Account Manager – IT & Asset Management
- ❖ Licensing Standards Officer

## **Neighbourhood and Educational & Social Services**

- ❖ Roads - Network & Performance Manager
- ❖ Social Work – Service Officer Information and Research

### **4.2 Timetable: - Pre Submission of Data**

Data submission for the 2010/11 NFI exercise will commence in October 2010, which is the date that relevant data should be uploaded to the secure NFI web application. In order to meet this deadline the following key milestones were agreed:

- ❖ Initial meeting of Group – May/June
- ❖ Critical Evaluation of Risk based datasets – June/July/August
- ❖ Review Previous Testing Strategy – July/August
- ❖ Fair Processing Notices:- July/August
- ❖ Data testing to ensure integrity and quality – September

In order to meet these milestones the NFI Working Group will meet on at least 6 occasions with the proposed schedule being:

Year 1: May/June – Initial meeting to agree scope and remit  
Year 1: July/August – Initial Planning of Process  
Year 1: September – Data production and submission  
Year 2: February/March – Receipt of match reports and allocation of work  
Year 2: September – Data match results and process review  
Year 3: March – Final results and reporting to CMT and Governance and Scrutiny Committee

### **4.3 Timetable Post Data Submission**

Following the submission of data and the return of results/matches it is expected that an initial planning meeting will be held in March 2011 to agree:

- ❖ Respective roles and responsibilities
- ❖ Timescales for investigating matches
- ❖ Consideration of optional risk based submissions
- ❖ Appropriate access and security arrangements

The Chair and NFI Key Contact will thereafter meet on a 6 weekly basis to review progress and consider any outstanding issues identified. An update report will be prepared for the Executive Director of Finance and Corporate Support as necessary.

It is important that sufficient resources within Services are identified in advance of the receipt of NFI results in January 2011 in order that data matches are reviewed and investigated as soon as possible. This initial review is important as it is at this stage that possible investigations will be prioritised and matched to available resource. This will be coordinated by respective NFI Working Group Members.

Progress returns will require to be submitted to Audit Scotland by 31 May 2011; 30 September 2011 and 31 January 2012; it is proposed that these will form the basis of future update reports for Corporate Management Team and Governance & Scrutiny Committee setting out progress and outcomes from the matching exercise.

#### **4.4 Testing Strategy**

Internal Audit identified, as part of the follow up review of their previous NFI audit that whilst each Service had established clear processes for the identification and conduct of data match testing, these had not, as yet, been brought together into a single testing strategy. To address this it was agreed that the working group undertake this preparatory work in advance of the data submission for the 2010/11 Initiative. This work is continuing and will be completed in advance of data match returns in March 2011.

#### **4.5 Remit of the Group**

Internal Audit have previously identified the need to consider a wider programme of possible data matching that could take place within the Council concurrent to the existing NFI Initiative. Given this it has been agreed that the remit of the Group be expanded to include the assessment of this proposal and will include establishing and addressing any possible legal or control issues that may prevent this from being carried out.

Internal Audit suggests that this programme should include regular in-house matching of payroll and benefits data and it is therefore proposed that this is taken forward as a pilot prior to widening the strategy to other possible data sets. The outcome of this will be reported to Governance and Scrutiny as part of the overall reporting arrangements proposed at paragraph 4.2.

#### **4.7 Fair Processing Notices**

The Audit Commission/Audit Scotland Code of Data Matching Practice sets out the requirements for ensuring fair collection and disclosure of personal data in accordance with the first data protection principle. In advance of submission of the 2010/11 data it will be necessary to ensure that steps are in place for:

- ❖ Informing employees that payroll data will be used.
- ❖ Informing all current housing benefit claimants; tenants and other applicants that data will be used.

The inclusion of messages within payslips has again been utilised as a means of informing all staff of the forthcoming exercise and the use that will be made of payroll data. In addition it is proposed that all application forms currently in use relating to information to be submitted as part of NFI should be reviewed

by the NFI Working Group to ensure that they contain the required level of notification.

As in previous years the Initiative will also be highlighted on the Council web pages and through appropriate press releases.

#### **4.8 Data Security Issues**

Given the ongoing public concern regarding the potential for the loss of sensitive personal data whilst in transit it is expected that the proposed methods and systems will again be subject to critical review by our own IT representatives in advance of any transfer being authorised.

External assurance in this respect is available as in 2009; the whole of the Audit Commission's NFI system was subjected to a stringent security review. This covered infrastructure, information storage, handling and processing when under the control of the Audit Commission's data processing contractor and the NFI team.

The review was undertaken by a consultant from the National Computing Centre (NCC) who confirmed compliance with government information standards. This accreditation involved demonstrating to key government departments that NFI is suitably secured and that information risks are managed to government standards. The NCC also undertook independent penetration testing of the NFI systems and concluded that NFI was '...well implemented and robust from a security perspective'.

As well as regular internal reviews by the Audit Commission, the other UK audit agencies including Audit Scotland now also share a programme of independent audits of the different aspects of NFI data security. The Information Commissioner's Office has also conducted an NFI data security audit at the invitation of the Audit Commission.

All of these measures provide current and future NFI participants with assurances that data is processed according to rigorous government security standards.

#### **4.9 Submission of Risk Based Data Sets for 2010/11 NFI**

The NFI Working Group has considered all required risk based data sets and confirmed that all except 2 categories will be submitted. Information in respect of residents parking badges will not be submitted due to the low overall number issued and also the annual checks in place within the Department. Application forms will however be reviewed and amended in order that future submissions can be considered. Similarly, data in respect of National Entitlement Cards (NEC) will not be submitted as Audit Scotland has confirmed this is not presently required and the working group assess the risk as being minimal.

## 5. SELF APPRAISAL OF PERFORMANCE

- 5.1 It is recognised that the current economic climate is likely to have increased the risk of fraud and error within the public sector. As such it is important that the focus remains on improving overall levels of performance and that reliance is not placed solely on the existing and relatively low levels of data matches.
- 5.2 Audit Scotland does not expect external auditors to carry out in depth reviews of performance, requiring only that they assess whether public bodies are performing adequately. As such it is a recommendation that public bodies reflect on previous performance, together with any recommendations made by internal and/or external auditors and undertake an honest self appraisal of the approach adopted.
- 5.3 Appendix 2 to this report sets out a suggested checklist together with an assessment of our current position. Whilst overall performance is considered satisfactory across the various headings there is a need to continue to promote the benefits of participation and also publicise the positive benefits to the Council that the identification, detection and elimination of fraud and error brings. It is therefore proposed that this exercise be completed again in September 2011 to gauge any shift in performance levels.

## 6. FINANCIAL IMPLICATIONS

The principle costs associated with participation in the NFI are in respect of employee time and it is expected that these will be met from existing resources. The exercise is expected to deliver positive outcomes in respect of the recovery of overpayments and the stopping of future payments arising from the identification of fraud and error. All recoveries identified will be credited to the general reserves of the Council and be available to support future service costs.

## 7. LEGAL AND POLICY IMPLICATIONS

The use of data by Audit Scotland in a data matching exercise is carried out with statutory authority. Until October 2010 this is under auditor's powers contained within Section 100 of the Local Government (Scotland) Act 1973 and Section 53 of the Local Government in Scotland Act 2003. These powers may also be used, where appropriate after October 2010. From that date it is expected to be carried out under powers to be included at Part 2A of the Public Finance and Accountability (Scotland) Act 2000 (as amended by section 70 of the Criminal Justice and Licensing (Scotland) Act 2010).

## 8. RISK MANAGEMENT IMPLICATIONS

Active participation within the National Fraud Initiative contributes to the identification of both fraud and error and by doing so can help to reduce the

risk of financial resources being misappropriated or diverted from service delivery. The timely submission investigation and determination of data and data matches provides additional assurance that the overall systems of internal control are sound, and where necessary contribute to the update and strengthening of these.

## **9. RECOMMENDATIONS**

It is recommended that the Governance and Scrutiny Committee:-

- 1) Note the progress outlined in the report
- 2) Agree the proposed future reporting arrangements for NFI
- 3) Otherwise note the report

Alex McPhee

**Executive Director of Finance and Corporate Support**

### **LIST OF BACKGROUND PAPERS**

1. National Fraud Initiative in Scotland 2008/09 – Audit Scotland May 2010
2. Internal Audit Report – National Fraud Initiative 2008/09 March 2010

Anyone wishing further information should contact Robin Baker, Financial Controller telephone 01563 576331.

Data Match Description	Total Number of Data Matches Identified	Total Number of Matches Tested	Total Number of Possible Fraud / Error Identified	Estimated Value of Fraud / Error Identified	Key actions taken
Housing Benefit Claimants to Student Loans, high quality, between bodies	67	67	18	£71,067	A few cases still in progress but all cases tested as previous exercise showed good results.
Housing Benefit Claimants to Payroll, high quality, within bodies	64	64	6	£7,048	All cases tested as previous exercise showed good results.
Housing Benefit Claimants to Payroll, high quality, between bodies	18	13	1	£590	A few cases still outstanding but majority of cases tested as previous exercise showed good results.
Housing Benefit Claimants to Payroll Pensions, high quality, between bodies	622	283	6	£23,803	A few cases still outstanding but a large proportion of cases tested as previous exercise showed good results.
Housing Benefit Claimants to Payroll, medium quality, between bodies	1	1	0	0	All cases tested but determined no further action
Housing Benefit Claimants to Payroll Pensions, medium quality, between bodies	1	1	0	0	All cases tested but determined no further action
Housing Benefit Claimants to Payroll, address quality, within bodies	130	63	1	£1257	Testing determined no further action
Housing Benefit Claimants to Payroll, address quality, between bodies	135	63	4	£8,240	Testing determined no further action
Housing Benefit Claimants to Payroll Pensions, address quality, between bodies	162	45	1	£17,252	Testing determined no further action
Housing Benefit Claimants to Housing Benefit Claimants, high quality, between bodies	12	12	1	£3,485	All cases tested as previous exercise showed good results

<b>Data Match Description</b>	<b>Total Number of Data Matches Identified</b>	<b>Total Number of Matches Tested</b>	<b>Total Number of Possible Fraud / Error Identified</b>	<b>Estimated Value of Fraud / Error Identified</b>	<b>Key actions taken</b>
Housing Benefit Claimants to Housing Rents, medium quality, within bodies	8	0	0	0	Testing determined no further action
Housing Benefit Claimants to Housing Rents, medium quality, between bodies	4	1	1	£3,485	Testing determined no further action
Housing Benefit Claimants to Insurance Claimants, high quality, within bodies	8	0	0	0	Testing determined no further action
Housing Benefit Claimants to Insurance Claimants, address quality, within bodies	5	2	0	0	Testing determined no further action
Housing Benefit Claimants to Insurance Claimants, address quality, between bodies	1	1	0	0	All cases tested but determined no further action
Housing Benefit Claimants to Taxi Drivers, high quality, between bodies	1	1	0	0	All cases tested but determined no further action
Housing Benefit Claimants to Taxi Drivers, medium quality, between bodies	2	0	0	0	Testing determined no further action
Housing Benefit Claimants to Taxi Drivers, address quality, between bodies	7	2	0	0	Testing determined no further action
Payroll to Payroll, high quality, within bodies	2	2	0	0	All cases tested but determined no further action
Payroll to Payroll, high quality, between bodies	147	133	0	0	Testing determined no further action
Payroll to Payroll, medium quality, between bodies	1	1	0	0	All cases tested but determined no further action
Payroll to UK Visas, medium quality, between bodies	3	3	0	0	All cases tested but determined no further action

Payroll to Housing Benefit Claimants, high quality, between bodies	1	0	0	0	Testing determined no further action
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<b>Data Match Description</b>	<b>Total Number of Data Matches Identified</b>	<b>Total Number of Matches Tested</b>	<b>Total Number of Possible Fraud / Error Identified</b>	<b>Estimated Value of Fraud / Error Identified</b>	<b>Key actions taken</b>
Payroll to Payroll Pensions, info, between bodies	14	14	0	0	All cases tested but determined no further action
Payroll to NI Number Check, within bodies, info	2	2	0	0	All cases tested but determined no further action
Housing Rents to Housing Rents, medium quality, within bodies	7	7	0	0	All cases tested but determined no further action
Housing Rents to Housing Rents, medium quality, between bodies	6	6	0	0	All cases tested but determined no further action
Housing Rents to Housing Benefit Claimants, medium quality, between bodies	10	10	0	0	All cases tested but determined no further action
Housing Rents to Rent Arrears, medium quality, between bodies	2	2	0	0	All cases tested but determined no further action
Rent Arrears to Housing Benefit Claimants, medium quality, between bodies	1	1	0	£1,137	All cases tested and case followed up
Right to Buy to UK Visas, medium quality, between bodies	1	1	0	0	All cases tested but determined no further action
Right to Buy to Housing Rents, high quality, within bodies	1	1	0	0	All cases tested but determined no further action
Right to Buy to Housing Rents, medium quality, within bodies	5	5	0	0	All cases tested but determined no further action
Right to Buy to Housing Rents, medium quality, between bodies	2	2	0	0	All cases tested but determined no further action

Right to Buy to Housing Benefit Claimants, high quality, within bodies	59	59	0	0	All cases tested but determined no further action
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<b>Data Match Description</b>	<b>Total Number of Data Matches Identified</b>	<b>Total Number of Matches Tested</b>	<b>Total Number of Possible Fraud / Error Identified</b>	<b>Estimated Value of Fraud / Error Identified</b>	<b>Key actions taken</b>
Right to Buy to Housing Benefit Claimants, medium quality, between bodies	6	6	0	0	All cases tested but determined no further action
Right to Buy to Housing Benefit Claimants, medium quality, within bodies	9	9	0	0	All cases tested but determined no further action
Blue Badge Parking Permits to DWP deceased, high quality	247	247	0	0	All cases tested but determined no further action
Private Residential Care Homes to DWP deceased, high quality	62	62	0	0	All cases tested but determined no further action
Insurance claimants to Insurance claimants, high quality, within bodies	7	7	0	0	All cases tested but determined no further action
Insurance claimants to Insurance claimants, medium quality, within bodies	1	1	0	0	All cases tested but determined no further action
Insurance claimants to Insurance claimants, address quality, within bodies	1	1	0	0	All cases tested but determined no further action
Insurance claimants to Insurance claimants, address quality, between bodies	1	1	0	0	All cases tested but determined no further action
Council Tax to electoral register, high quality	1097	208	0	0	Testing determined no further action
Council Tax rising 18's, high quality	166	166	49	£12,178	All cases tested and significant savings made

## NATIONAL FRAUD INITIATIVE 2010/11 – SELF ASSESSMENT CHECK LIST

		YES/NO/PARTIAL	ACTION REQUIRED/SUPPORTING INFORMATION	RESPONSIBLE OFFICER AND TIMESCALE
	<b>Leadership and Commitment</b>			
<b>1</b>	<p>Are we committed to NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?</p> <p>Do officers directly involved in preparing for NFI and following up matches demonstrate commitment?</p>	<b>Yes</b>	<p>Positive outcome from Internal Audit review of 2006/07 and 2008/09 NFI. Improvement action plan agreed in response to proposed improvements.</p> <p>Report to CMT in June – outcome of 08/09 and forward plan for 2010/11.</p> <p>Report to Governance and Scrutiny Committee setting out forward reporting and monitoring arrangements</p>	<p>Head of Finance <b>Ongoing</b></p>
<b>2</b>	Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that NFI can deter fraud and that there is value in the assurances that we can take from low outcomes?	<b>Yes</b>	Remit of NFI Working Group recognises the need to review all forms of data matching including those out with the current reporting timetable.	<p>Head of Finance <b>March 2011</b></p>
<b>3</b>	<p>Is our NFI key contact (KC) the appropriate officer for that role and do they oversee the exercise properly?</p> <p>Does the KC have the time to devote to the exercise and sufficient authority to seek action across the organisation?</p>	<b>Yes</b>	<p>Revenues and Benefits Manager has operational responsibility for Housing Benefit Fraud arrangements.</p> <p>Resource commitments will require to be closely monitored as additional case load within Benefits could result in reduction in available capacity</p>	<p>Financial Controller <b>Ongoing</b></p>
<b>4</b>	Is NFI an integral part of our corporate policies and strategies for preventing	<b>Yes</b>	The anti fraud and anti	Financial Controller

	and detecting fraud and error?		corruption policy highlights the Council's participation in the NFI and the outcomes expected. This will be reviewed to ensure that it is as strong as possible and the distribution and promotion of its existence reviewed.	<b>December 2010</b>
	<b>Planning</b>			
<b>5</b>	Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available?	<b>Yes</b>	CMT has reviewed both the remit of and the timetable of meetings for the NFI Working Group and consider that sufficient planning has been carried out to ensure all data required is submitted.	Financial Controller <b>October 2010</b>
<b>6</b>	Do we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements?	<b>Yes</b>	Key Contact reports no difficulty in this regard	Revenues and Benefits Manager <b>Complete</b>
<b>7</b>	Do we plan properly to provide all NFI data on time using the secure data file upload facility?	<b>Yes</b>	Submission timetable included within forward plan agreed by CMT in April	Financial Controller <b>Complete</b>
<b>8</b>	Do we adequately consider the submission of any 'risk based' data sets in conjunction with our auditors?  Are decisions about submitting risk-based' data sets (and, in councils, the electoral register) being taken at an appropriate level?	<b>Yes</b>	Internal Audit is represented on the NFI Working Group and decisions are reached after full consideration.  Submission of electoral register information was subject to appropriate agreement of Solicitor to Council.	Financial Controller <b>Complete</b>
	<b>Effective Follow Up of Matches</b>			
<b>9</b>	Do all departments involved in NFI commence the follow-up of matches promptly after they become available?	<b>Yes</b>	Internal Audit identified the need for the testing strategy of each set of match reports to be documented, taking account of the risks being tested against. It is intended	Financial Controller/Revenues and Benefits Manager <b>December 2010</b>

			that a formal testing strategy be developed in advance of 10/11 data matches being available	
<b>10</b>	Do we give priority to following up recommended matches, high-quality matches, those that become quickly out of date and those that could cause reputational damage if a fraud is not stopped quickly?	<b>Yes</b>	The highest percentage of potential matches relate to Housing Benefit data being matched to other sources. These are prioritised and investigated promptly. This approach will be formalised within the testing strategy being developed.	Financial Controller/Revenues and Benefits Manager <b>December 2010</b>
<b>11</b>	Do we recognise that NFI is no longer predominantly about preventing and detecting benefit fraud? Have we recognised the wider scope of NFI and are we ensuring that all types of matches are followed up?	<b>Yes</b>	The NFI Working Group is aware of this responsibility and the purpose of submitting all mandatory and risk based data sets, or recording the alternative action to verify accuracy.	NFI Working Group <b>Ongoing</b>
<b>12</b>	Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?  (In health bodies) are we drawing appropriately on the help and expertise available from NHS Scotland Counter Fraud Services?	<b>Yes</b>	Whilst this is being carried out the need to formally record the basis of all decisions will be embedded in the agreed testing strategy.	Financial Controller/Revenues and Benefits Manager <b>December 2010</b>
<b>13</b>	Do all departments follow up their NFI matches on a reasonable timescale?	<b>Yes</b>	No significant issues have been identified in this respect. The importance of early investigation and determination of data matches will underpin the overall approach to testing in 2010/11	NFI Working Group <b>Ongoing</b>
<b>14</b>	Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Procurator Fiscal)?	<b>Yes</b>	The report to Governance and Scrutiny Committee identifies outcomes including prosecution	Executive Director of Finance and Corporate Support <b>April 2011</b>
<b>15</b>	Do we avoid deploying excessive resources on match reports where early work (e.g., on recommended matches) has not found any fraud or error?	<b>Yes</b>	Reliance is placed upon sampling to identify areas requiring more detailed	Revenues and Benefits Manager and NFI Group

			review.	
<b>16</b>	Where the number of recommended matches is very low, are we adequately considering the related 'all matches' report before we cease our follow-up work?	<b>Yes</b>	Any decision to stop further investigation will be informed by all available information and agreed with the key contact	Revenues and Benefits Manager <b>April 2011</b>
<b>17</b>	Overall, are we deploying appropriate resources on managing the NFI exercise?	<b>Yes</b>	CMT agreed the membership of the NFI Working Group. It is the responsibility of each representative to ensure that sufficient resource is identified within Services to complete the review of matches. This will be monitored by the Group and reported to CMT and Governance and Scrutiny Committee	NFI Working Group/CMT/Governance and Scrutiny Committee <b>March 2010</b>
	<b>Recording and Reporting</b>			
<b>18</b>	Are we recording outcomes properly in the secure website and keeping it up to date?  Do staff use the online training modules in the secure website and do they consult the NFI team if they are unsure about how to record outcomes?	<b>Yes</b>	Outcomes are all logged on the secure site and Key Contact monitors frequency of updates. Access is provided to training modules and this is monitored by the NFI Working Group.	Revenues and Benefits Manager <b>Ongoing</b>
<b>19</b>	If, out of preference, we record some or all outcomes outside the secure website, have we made arrangements to inform the NFI team about these outcomes?	<b>N/A</b>	All outcomes must be recoded centrally	Revenues and Benefits Manager <b>Ongoing</b>
<b>20</b>	Do we review how frauds and errors arose and use this information to improve our controls?  Does internal audit monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?	<b>Yes</b>	Where fraud is identified review of existing control environment should be carried out.  Internal Audit report on the overall process and management have produced action plan to drive further improvement	Head of Finance <b>Ongoing</b>

21	Are NFI progress and outcomes reported regularly to senior management and elected/board members (e.g., the audit committee or equivalent)?	Yes	Future reporting arrangements including frequency are set out in the Governance and Scrutiny Committee report for 24 September.	Head of Finance <b>Ongoing</b>
22	Do we publish internally and externally the achievements of our fraud investigators (e.g., successful prosecutions)?	No	Further consideration requires to be given to how the outcomes of the NFI are communicated publically	Head of Finance/Head of Democratic Services <b>June 2010</b>