

Item: 12

Policy and Resources Committee: 19 June 2018.

National Fraud Initiative.

Report by Head of Finance.

1. Purpose of Report

To present the outcome of the National Fraud Initiative data matching exercises for 2016 to 2017.

2. Recommendations

The Committee is invited to note:

2.1.

That the National Fraud Initiative is a data matching exercise, designed to assist participating bodies, including local authorities, to promote the proper use of public money by detecting fraudulent or erroneous payments.

2.2.

The results of the Council's involvement in the exercise, for the period 2016 to 2017, as detailed at section 5 of this report, namely two errors, totalling £2,789.22, being identified, of which £1,332.53 is recoverable.

3. Background

3.1.

The Council is required by law to protect the public funds it administers. It may share information provided to it with other bodies responsible for auditing or administering public funds, in order to prevent and detect fraud.

3.2.

On behalf of the Accounts Commission, Audit Scotland appoints auditors to examine the accounts of the Council. Audit Scotland also assists appointed auditors by conducting a National Fraud Initiative. This Initiative is a data matching exercise to promote the proper use of public money.

3.3.

Data matching involves comparing computer records held by one body against other computer records held by the same or another body. This is usually personal information, which may include names, addresses and dates of birth. Computerised data matching allows potentially fraudulent claims and payments to be identified.

Where a match is found it may indicate that there is an inconsistency which requires further investigation. No assumption is made as to whether there is fraud, error or any other explanation until an investigation is carried out. Most of the records matched raise no concerns.

3.4.

The 2016 to 2017 National Fraud Initiative started in October 2016 when the Council provided all relevant data sets to Audit Scotland. The results of the data matching exercise were made available by Audit Scotland in February 2017 and the Council has followed up matches where appropriate.

3.5.

The data provided to Audit Scotland by the Council relates to:

- Council employee payroll data.
- Council Tax Reduction Scheme.
- Pensions.
- Pension gratuities.
- Blue Badge parking permit.
- Housing waiting list.
- Council Tax.
- Electoral Register.
- Tenants including applications under Right to Buy.
- Transactions and Standing data for trade creditors.
- Residents of private supported care homes.
- Taxi licence holders.
- Market trader licence holders.
- Personal Licences for the supply of alcohol.
- Personal budget direct payments.

3.5.1.

Other datasets will be provided to Audit Scotland by other bodies including:

- Housing Benefit claimants (Department for Works and Pensions).
- Insurance claimants (Zurich Municipal Insurance).

3.6.

A national report on the outcomes of the National Fraud Initiative is due to be published shortly by Audit Scotland.

4. Data Matching

4.1.

Audit Scotland carries out data matching under part 2A of the Public Finance and Accountability (Scotland) Act 2000 which provides that Audit Scotland may carry out data matching exercises, or arrange for them to be carried out on its behalf. The Cabinet Office's National Fraud Initiative team carries out the matching work on behalf of Audit Scotland.

4.2.

Audit Scotland has published a Code of data matching practice which sets out the principles and practices that should be adopted by those taking part in the National Fraud Initiative in Scotland. Key aspects of the Code include examples of how individuals should be informed that their personal information will be used for data matching, and how data will be submitted by bodies, and data matches provided to them, through an encrypted and password protected online system which meets UK Government security standards for restricted data.

5. Local Outcomes

5.1.

The National Fraud Initiative exercise for 2016 to 2017 has identified a total of £2,789.22 in overpaid benefits and discounts.

5.2.

The data matching exercise identified a total of 1,361 data matches of which 315 were recommended for investigation. These 315 matches were investigated along with a further 183 matches giving a total of 498 matches that were investigated.

5.3.

The greatest number of matches were identified as “duplicate records by invoice amount and creditor reference” with 80 matches recommended for further investigation. All 80 matches were investigated with no errors or frauds recorded. Other matches investigated included “Blue Badge Parking Permit to Benefits Agency Deceased Persons, high quality, within bodies” with 30 matches recommended for investigation and no fraud or error found; and “Payroll to Creditors, address quality, within bodies” with 59 matches recommended for investigation and no fraud or error found.

5.4.

A single match of “Housing Benefit Claimants to Payroll” was recommended for investigation that identified an error of £1,456.69 that will not be recoverable.

5.5.

A total of 21 matches were identified for “Council Tax Reduction Scheme to Pensions, high quality, between bodies” with none recommended for further investigation. All 21 matches were however checked with a single error found and a recoverable saving of £1,332.53 identified.

6. Corporate Governance

This report relates to the Council complying with its governance and financial process and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

7. Financial Implications

7.1.

Services have directed resources towards investigation of matches identified in the National Fraud Initiative reports. There has been no requirement for additional staff resources, however completion of the whole exercise involves a considerable number of staff hours.

7.2.

Two errors have been identified during the National Fraud Initiative exercise for 2016 to 2017 with errors totalling £2,789.22 identified of which £1,332.53 is recoverable.

8. Legal Aspects

Audit Scotland has a statutory power to undertake data matching exercises by virtue of Section 26A of the Public Finance and Accountability (Scotland) Act 2000, as amended, which provides that Audit Scotland may carry out data matching exercises, or arrange for them to be carried out on its behalf.

9. Contact Officers

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