

**BRIDGEND COUNTY BOROUGH COUNCIL**

**REPORT TO AUDIT COMMITTEE**

**6 January 2010**

**REPORT OF THE CHIEF INTERNAL AUDITOR**

**NATIONAL FRAUD INITIATIVE**

**1. Purpose of Report.**

1.1. To update members on progress on the Council's response to the Audit Commission's National Fraud Initiative (NFI)

**2. Connection to Corporate Improvement Plan / Other Corporate Priority.**

2.1. Internal Audit's work impacts on all of the Corporate Improvement Plan/other corporate priorities.

**3. Background.**

3.1. The National Fraud Initiative (NFI) is the Audit Commission's data matching exercise that is designed to help participating bodies detect erroneous and fraudulent payments from the public purse. Initiated in 1996, it is run biennially. Participants in the scheme include Local Authorities, Fire Services, Pension Authorities the NHS, Housing Associations, the Student Loans Company and various Central Government departments. Data matched include; Housing Benefits, Payroll, Housing Rents and Student Loans. NFI 2008-09 includes a match between Council Tax and Electoral Registration data aimed primarily at the detection of single person discount.

3.2. Although the verification framework in the Housing Benefit Fraud Section has tended to weed out the dubious claimant at source, NFI has proved useful in helping to identify frauds across boundaries: non-declaration of pensions by persons in receipt of Housing and/or Council Tax benefits for example or persons claiming benefit from one Authority while engaged in employment with another.

3.3. Internal Audit coordinates the Council's NFI activities and it is important that members note that much of the detailed work described here is carried out by other sections.

#### **4. Current situation**

- 4.1. Since the last report, investigation of potential cases is on going. Overall 3613 cases have been processed of which 1074 are the subject of further investigation.
- 4.2. In respect of Housing Benefit matches, 1470 cases have been processed with 76 cases identified for detailed investigation (with approximately 40 potential cases pending). Results have not been finalised, but initial potential savings of £27374.73 have been identified. Of this, only 2 cases related to fraud (£8,036.75). The rest are the result of official error. The situation might change when all investigations have been completed.
- 4.3. In respect of Council Tax (single person), savings of £1578.59 have been identified to date. A second run has been completed with matches due early next year. Much investigative work has still to be completed and it will be some time before a final figure is available.
- 4.4. In other areas of the initiative, most work to date has been of a confirmation nature. For example, details of an insurance claim paid out by BCBC insurers, were requested by an Authority where the recipient of the payment was a housing benefit claimant who had failed to disclose the sum paid to him. Payroll matches also fall primarily into this category. We plan to liaise with HR in the next few weeks to discuss progress.

#### **5. Effect upon Policy Framework& Procedure Rules.**

5.1. None

#### **6. Legal Implications.**

6.1. None

#### **7. Financial Implications.**

7.1. None

#### **8. Recommendation.**

8.1. That Members note the report

**Gareth Moss**  
**Director of Resources**  
**6<sup>th</sup> January 2010**

**Contact Officer:** Kay Lucas

Computer Auditor

**Telephone:** (01656) 754902

**E-mail:** Kay.Lucas@bridgend.gov.uk

**Postal Address**

Bridgend County Borough Council  
Brackla House  
Brackla Street  
Bridgend  
CF31 1BZ

**Background documents**

None