

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO AUDIT COMMITTEE

14 April 2011

### REPORT OF THE ASSISTANT CHIEF EXECUTIVE - PERFORMANCE

#### NATIONAL FRAUD INITIATIVE

**1. Purpose of Report.**

- 1.1. To up date 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) established by the Audit Commission, is a data matching exercise 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.
- 3.2. Data matches include; Housing Benefits, Payroll, Creditors, Student Loans, Market Traders, Personal Alcohol Licenses, Taxi Drivers, Private Residential Care Homes, Blue Badge Holders, Concessionary Travel Pass Holders and Insurance Claimants. Council Tax and Electoral Registration data will be required in the latter part of 2011.
- 3.3. A new proposal is to match taxi driver licences and market trader licences to immigration data provided by UK Border Agency. This will indicate where licences have been issued to individuals with no right to work or stay in the UK. However, in order to undertake this matching, the Authority would need to confirm that, as part of the application process, the applicant is asked about their right to work in the UK. As BCBC has not specifically asked the question then this particular match cannot be undertaken at this time.
- 3.4. 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.

- 3.5. 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 / proposal**

- 4.1. The total estimated identified savings from the last NFI (from all matches) was £453,843. Not all of this was fraud: 481 cases were errors. Historically the major savings have come from Housing Benefit fraud but from the last NFI initiative, a new data match was introduced to identify persons fraudulently claiming council tax single person discount. The work has now been completed in this area and 634 single person discounts have been subsequently cancelled. Savings identified in respect of cancelled single person discount is £364,582: £97,250 cancelled in respect of 2010/2011 and £267,332 in respect of earlier years.

- 4.2. Recovery action is underway.

- 4.3. For the current NFI, all the required data was submitted correctly and on time. However considerable 'filtering' work had to be undertaken by Computer Audit to ensure that the data conformed to the required format. In the course of this exercise, a few (minor) anomalies were noted in one of the reporting structures. This was fed-back to the department concerned for rectification.

- 4.4. The results of the matches have been published on the NFI website and work has begun by BCBC on sifting the matches and undertaking detailed investigation. All potential users of the system are being trained in the use of the system.

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

- 5.1. None

#### **6. Equality Impact Assessment**

- 6.1. There are no equality issues.

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

- 7.1. If the recovery action was successful in all cases, the sum involved would be £376,304.

**8. Recommendation.**

8.1. That Members note the report

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**14 April 2011**

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**Background documents**

None