

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO AUDIT COMMITTEE

7 NOVEMBER 2013

REPORT OF THE CORPORATE DIRECTOR - RESOURCES

NATIONAL FRAUD INITIATIVE 2012-13

1. Purpose of Report.

- 1.1. To update Members on the Council's response to the 2012/13 Audit Commission's National Fraud Initiative (NFI).

2. Connection to Corporate Improvement Objectives / 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. The initiative works by comparing different sets of data, like payroll and housing benefits records, and flagging unusual combinations such as any person claiming housing benefits from more than one local authority or any person claiming housing benefits while failing to disclose his/her employment. The organisations taking part receive a report on these potentially unusual matches, which they can then investigate to determine the existence of any fraud or error.
- 3.3. A match does not automatically mean fraud, often, there is a simple explanation for the data match and it allows bodies to update their records. Even where data matching shows little or no fraud or error, this still assures bodies about their control arrangements. It also strengthens the evidence for the Council's Annual Governance Statement.
- 3.4. Although the Audit Commission is soon to be disbanded, it is understood that the NFI exercise will continue, but be managed by another body. The NFI 2012/13 exercise is now under way and a summary of the matches received is outlined in the body of this report.

4. Current situation / proposal.

4.1. The Council received 12,377 data matches for 2012/13 and these are detailed in table 1 below.

Table 1

Type of Match	No Received
Blue Badges	329
Concessionary Travel	3,592
Creditors History	5,062
Creditors Standing Data	1,003
Housing Benefit Claimants	1,989
Payroll	352
Private Residential Care Homes	34
Insurance Claimants	16
Market Traders	0
Personal Alcohol Licence	0
Taxi Drivers	0
Total	12,377

4.2. In order to ensure that resources are targeted in the most efficient and effective way, the data returned identifies those matches where it is recommended that an investigation takes place. Table 2 below provides a breakdown of the matches, the number that the NFI recommended be investigated as a minimum and the number that have actually been investigated and subsequently closed as at 24th October 2013.

Table 2.

Match	Total Matches	Recommended To Investigate	Total Investigated As at 24/10/13	Balance To Investigate	Closed No Issue	Closed already known
Blue Badges	329	287	326	3	326	0
Concessionary Travel	3,592	3,591	1,156	2,436	1,156	0
Creditors History	5,062	288	4,826	236	4,823	3
Creditors Standing Data	1,003	0	0	1,003	0	0
Housing Benefit Claimants	1,989	317	1,789	200	1,789	0
Payroll	352	92	0	352	0	0
Private Residential Care Homes	34	2	34	0	2	32
Insurance Claimants	16	9	14	2	14	0
Market Traders	0	0	0	0	0	0
Personal Alcohol Licence	0	0	0	0	0	0
Taxi Drivers	0	0	0	0	0	0
TOTAL	12,377	4,586	8,145	4,232	8,110	35

4.3. The above table shows the number that have been closed and their category code. As can be seen, the vast majority have been closed with no issue. Three creditors' matches have been categorised as "already known". These related to duplicate payments and due to technology applied by the Creditors team, these payments were already known to them and action had already been taken.

4.4. A number of matches relating to Concessionary Travel Passes remain outstanding. The officer responsible for these has assured the Key Contact (Internal Audit) that time has been allocated specifically to work on these matches and they should all be resolved before the end of October.

4.5. It should be noted that the investigating officer has the opportunity to input a potential saving that has been made as a result of the match being identified and action taken. For all the matches closed to date, none have reported any savings.

4.6. With regard to Council Tax (CT), this extract will be undertaken in March 2014 as requested by NFI. For the Council Tax matching exercise undertaken in 2010/11 (data extracted February 2012), the following information is known:

- 475 matches were received (378 CT to Electoral Register and 97 CT rising 18's). All matches have been investigated and closed and £97,220 worth of "savings" identified as a result of these matches.

4.7. 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.

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 were to be successful in all cases, then the sum involved would be £97,200.

8. Recommendation.

8.1. That Members give due consideration to the content of this report to ensure that all aspects of their core functions are being adequately reported.

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Background documents

Internal Audit reports relating to the above audits held within the Internal Audit Division