

EAST RENFREWSHIRE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

25 September 2014

Report by Clerk

NATIONAL EXTERNAL AUDIT REPORT

NATIONAL FRAUD INITIATIVE IN SCOTLAND

PURPOSE OF REPORT

1. To provide information on the Audit Scotland report on the *National Fraud Initiative (NFI) in Scotland*.

RECOMMENDATION

2. It is recommended that the Committee considers the report.

NATIONAL FRAUD INITIATIVE (NFI) IN SCOTLAND

3. A copy of the Audit Scotland report on the *National Fraud Initiative (NFI) in Scotland* has already been circulated to all Audit and Scrutiny Committee Members. The Members who are leading on the review of this particular report are Councillor Wallace and Councillor Grant. In accordance with arrangements established by the Committee for dealing with such reports, the Head of Revenues has provided comments on it. A copy of the feedback is attached to this report (see Appendix).

RECOMMENDATION

4. It is recommended that the Committee considers the report.

Local Government Access to Information Act 1985

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Background Papers: Audit Scotland report on the *National Fraud Initiative (NFI) in Scotland*

APPENDIX

AUDIT SCOTLAND

THE NATIONAL FRAUD INITIATIVE IN SCOTLAND

INTRODUCTION

1. Audit Scotland has coordinated another major counter-fraud exercise working together with a range of Scottish public bodies, external auditors and the Audit Commission to identify fraud and error. These exercises, known as the NFI, are undertaken every two years and are linked to the statutory audits of the participating bodies. This report outlines the early outcomes of the most recent exercise which took place in 2012/13.

REPORT

2. The success of the NFI comes primarily from the public servants who:-

- Investigate the NFI data matches
- Identify and stop frauds and errors
- Recover overpayments
- Hold fraudsters accountable
- Improve their systems

3. The NFI in Scotland is now well established and has been operating for over a decade since it was first piloted. The NFI enables public bodies to take advantage of computer data matching techniques to detect fraud and error.

4. Outcomes from the NFI 2012/13 amount to £16m in Scotland. East Renfrewshire Council's (ERC's) contribution to this was £74,000. Nationally 66% of overpayments are being recovered and in ERC recovery action has been undertaken in all cases. Because of the nature of the debt and, in many cases, the lack of debtor resources full recovery will only be achieved after a number of years if at all. The main benefit from this exercise is the reduction in ongoing fraud and the deterrent effect gained from regular data matching.

5. Within ERC 3,171 matches were reported in the exercise and after risk assessments 1,336 of those were investigated. The outcomes recorded show that as a result of 10 frauds and 7 errors, £74,000 of housing benefit had been overpaid.

6. Nationally the main areas where overpayments were identified were pensions 36%(£3.8m), housing benefits 29% (£3m) and blue badges 13% (£1.3m).

7. As well as the main exercise, most Scottish councils including ERC participated in an exercise to detect overpaid council tax single person discounts. Matches from this exercise between council tax records and the electoral roll are more recently available and resources will be allocated to assessing and investigating 1,079 matches over the next few months.

CONCLUSION

8. The Council fully participated in the most recent NFI exercise, investigating 1,336 matches and identifying 17 overpayments of Housing Benefit totalling £74,000.

David Miller
Head of Revenue Services
29th August 2014.