West
Dunbartonshire
Council

National Fraud Initiative 2010/11

Strategy for Investigation of Matched Datasets

I N D E X

Appendices

1. **Background Information**

1.1 The National Fraud Initiative ("NFI") in Scotland is Audit Scotland's data matching exercise that takes place every two years in line with the Audit Commission's NFI timetable. The NFI is designed to help participating bodies identify possible cases of fraud and detect and correct any consequential under or overpayments from the public purse.

1.2 West Dunbartonshire Council ("WDC") is participating in this initiative.

1.3 On 4th October 2010, WDC extracted data covering the following datasets:
- Payroll
- Housing Tenants
- Right to Buy
- Private care home residents
- Taxi licences
- Blue Badge Holders
- Market Traders
- Personal Alcohol Licence

It should be noted that Housing Benefits data extracts were provided by the Department for Work and Pensions ("DWP") and Insurance data was provided by the Council's insurance provider, Gallagher Bassett.

1.4 Processing and matching of data extracts were thereafter carried out by Synetics Solutions, contactors engaged by the Audit Commission and on 25th January 2011, 7th February 2011 and 31st March 2011 matched datasets were made available to all participating bodies via a secure website.

1.5 Within WDC, the NFI exercise has been co-ordinated by Internal Audit with Joe Gillespie being the Key Contact. Staff from both Internal Audit and Finance Services (Revenues & Benefits) are involved in the investigation of matched data.
The main contacts within Finance Services (Revenues & Benefits) are:
- Marion Smith, Section Head (Revenues & Benefits)
- Sharon Hughes, Team Leader (Fraud)

1.6 Progress on the investigation of matched data can be monitored remotely by the WDC Key Contact, KPMG (WDC external auditors), Audit Scotland and the Audit Commission. There is an expectation that organisations who are participating in the process will allocate appropriate resources so that matched datasets will be properly investigated.

1.7 The NFI Coordinators at the Audit Commission and also Audit Scotland and KPMG are able to access WDC's data, i.e. they are super users. Therefore, they will know the level of work undertaken by all participating bodies and, for example, if particular reports have not been accessed or have not been investigated to any great extent.

2. **Investigation of Matched Datasets**

2.1 Matched datasets were made available via a secure website to participating bodies on 25th January 2011 with additional matches being provided on 7th February 2011 and 31st March 2011.

2.2 An analysis of these matched dataset reports is included at Appendix A to this document:

2.3 As can be seen from Appendix A, there is a total of 2712 individual cases from 61 matched data set reports. There are also filtering facilities within the database which allow the number of cases to be reduced according to a pre-determined set of criteria. This is known as the recommended filter. Of these 2712 cases, after the "recommended filter" is applied, 796 cases are shown (29.35%).

2.4 It is proposed that the WDC approach to investigating these datasets   will be to:
- Initially investigate all individual cases listed through using the "recommended filter" feature
- Review other cases, in order to determine if there is anything else of note, particularly where the amounts reported are relatively high

2.5 When reviewing other cases, consideration should be given to:
- Those which are deemed to be high risk; and also
- Those which may be low risk but have a large number of matches within a specific report, in order to gain an understanding of why there has been a high level of matches.

In reviewing these other cases, the approach should focus on carrying out the work on a sample basis, extending the sample where errors are found or if a consistent error is occurring. This could be reviewed to determine if it is likely to impact all matches within a specific report and therefore potentially used to close out all those cases. Sample sizes would vary depending on the number of matches within each report, but in general, a sample size of 30 should be used.

2.6 It is not expected that every match out of the 2712 reported should be looked at in detail. As mentioned above, the main emphasis of the work will be on the cases listed through using the "recommended filter" feature.

2.7 WDC staff within Internal Audit and Finance Services (Revenues & Benefits), who are working on the NFI exercise, should provide appropriate assistance in relation to requests for information received from other participating bodies. It is also anticipated that WDC staff will receive reciprocal assistance when making enquiries with other participating bodies.

2.8 The appropriate level of resources to be allocated to the investigation of datasets allocated to Finance Services (Revenues & Benefits) is the responsibility of Finance Services management. Regular meetings will be held between the Key Contact and the Finance Services (Revenues &

Benefits) contact, Marion Smith, in order to determine the level of progress that is being made.

Cases involving Council employees

2.9 Where individual cases within the matched datasets being investigated by the Housing Benefit Investigation Team involve employees of West Dunbartonshire Council, Internal Audit must be advised in order to consider whether any further investigatory work or other action is required. This will depend on the nature and extent of any circumstances arising from the investigating of such cases.

2.10 Cases within the matched datasets being investigated by Internal Audit which involve employees of West Dunbartonshire Council will similarly be assessed as to whether any further investigatory work or other action is required.

2.11 Internal Audit has allocated the following members of staff to the investigation of datasets:
- Patricia Stevenson, Investigations Officer, who will carry out the detailed work
- Joe Gillespie, Section Head, who will review the work performed.

2.12 Within Finance Services, resources within the Benefit Investigation Team will be used to investigate matched datasets as shown below

Detailed Work
Benefit Investigation Team staff

Review of Work
Sharon Hughes, Team Leader (Fraud)

3. **Reporting Timetable**

3.1 As outcomes for participating bodies are being recorded in real time through the on-line access facility, the NFI Team and external auditors can run outcomes reports at any point during the exercise. Effectively, the web software collates data for each body at individual report level and in detail across all reports. Participating bodies can also make use of this feature at any time.

3.2 WDC has set some internal milestones for the progress of the NFI work
- 31 May 2011: Matches selected for investigation in principle
- 30 September 2011. Investigation of cases completed, subject to more complex cases requiring further investigation or information from other bodies or indeed prosecution

- 31 January 2012: Final reporting of results

Further to the comment above, completion of the work by 30 September may be dependent on the number of competing priorities within Internal Audit and Finance Services (Revenues & Benefits) and also the speed of resolution of queries raised on individual cases with other participating bodies.

3.3 The above dates will tie in with the progress reports that the Head of NFI takes to the Audit Commission's NFI Steering Group and Data Matching Strategy Board in June 2011, October 2011 and February 2012.

3.4 Ultimately, the NFI Coordinators will be taking a final position statement in February 2012 so that the national report can be made ready for publication for May 2012 publication. With this in mind, it is important that WDC staff involved in the investigation of matched datasets consider interesting cases that it would be appropriate to have published. These should be highlighted within the web application.

3.5 It should be noted that the external auditors of participating bodies are likely to make comment on the NFI in terms of the extent of the commitment made and the follow up of matches.

3.6 It is envisaged that Internal Audit will provide a report on the overall process once the investigation work has been completed. Further reports to the CMT and / or Audit & Performance Review Committee will be provided as deemed appropriate.

West Dunbartonshire Council
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Summary of All Reports as at 31st August 2011

Appendix A

Report No.	Priority	Report Name	Total Recommended	Total all	Investigation To Lead By	Processed	In Progress
2	High	Housing Benefit Claimants to Student Loans, high quality, between bodies	37	41	Benefit Investigation Team	13	24
4	Medium	Housing Benefit Claimants to Student Loans, medium quality, between bodies	3	3	Benefit Investigation Team	2	1
13	High	Housing Benefit Claimants to Payroll within bodies	6	65	Benefit Investigation Team	5	2
14	High	Housing Benefit Claimants to Payroll between bodies	7	34	Benefit Investigation Team	4	3
14.1	High	Housing Benefit Claimants to Pensions between bodies	33	1083	Benefit Investigation Team	11	3
15	Medium	Housing Benefit Claimants to Payroll within bodies	0	1	Benefit Investigation Team	0	0
16	Medium	Housing Benefit Claimants to Payroll between bodies	1	4	Benefit Investigation Team	2	0
16.1	Medium	Housing Benefit Claimants to Pensions between bodies	0	2	Benefit Investigation Team	0	0
17	Low	Housing Benefit Claimants to Payroll within bodies	45	128	Benefit Investigation Team	9	0
18	Low	Housing Benefit Claimants to Payroll, address quality, between bodies	60	188	Benefit Investigation Team	9	2
18.1	Low	Housing Benefit Claimants to Pensions, address quality, between bodies	61	195	Benefit Investigation Team	0	0
24	Medium	Housing Benefit Claimants to UK Visas within between bodies	1	3	Benefit Investigation Team	3	0
26	High	Housing Benefit Claimants to Housing Benefit Claimants within bodies	0	9	Benefit Investigation Team	0	0
27	High	Housing Benefit Claimants to Housing Benefit Claimants between bodies	6	15	Benefit Investigation Team	3	2
29	Medium	Housing Benefit Claimants to Housing Benefit Claimants between bodies	1	1	Benefit Investigation Team	1	0
30	High	Housing Benefit Claimants to Housing tenants, within bodies	15	21	Benefit Investigation Team	15	0
31	High	Housing Benefit Claimants to Housing Tenants between bodies	6	11	Benefit Investigation Team	6	0
32	Medium	Housing Benefit Claimants to Housing Tenants between bodies	16	25	Benefit Investigation Team	0	0
33	Medium	Housing Benefit Claimants to Housing Tenants between bodies	5	7	Benefit Investigation Team	0	1
45.5	Low	Housing Benefit Claimants to Insurance Claimants within bodies	0	1	Benefit Investigation Team	0	0
45.6	Low	Housing Benefit Claimants to Insurance Claimants between bodies	0	1	Benefit Investigation Team	0	0
46.1	High	Housing Benefit Claimants to Market Traders, within bodies	0	1	Benefit Investigation Team	0	0
46.2	High	Housing Benefit Claimants to Market Traders, between bodies	0	1	Benefit Investigation Team	0	0
46.3	Medium	Housing Benefit Claimants to Market Traders, within bodies	1	2	Benefit Investigation Team	0	0
46.5	Low	Housing Benefit Claimants to Market Traders, within bodies	3	6	Benefit Investigation Team	0	0
46.6	Low	Housing Benefit Claimants to Market Traders, between bodies	1	2	Benefit Investigation Team	0	0
47.1	High	Housing Benefit Claimants to Taxi Drivers, within bodies	2	17	Benefit Investigation Team	0	2
47.2	High	Housing Benefit Claimants to Taxi Drivers, between bodies	1	9	Benefit Investigation Team	1	1
47.3	Medium	Housing Benefit Claimants to Taxi Drivers, within bodies	0	9	Benefit Investigation Team	0	0

47.4	Medium	Housing Benefit Claimants to Taxi Drivers, between bodies	1	4	Benefit Investigation Team	0	1
47.5	Low	Housing Benefit Claimants to Taxi Drivers, within bodies	12	54	Benefit Investigation Team	5	0
47.6	Low	Housing Benefit Claimants to Taxi Drivers, between bodies	9	26	Benefit Investigation Team	0	0
48.1	High	Housing Benefit Claimants to Personal alcohol licences, within bodies	9	26	Benefit Investigation Team	1	0
48.2	High	Housing Benefit Claimants to Personal alcohol licences, between bodies	0	1	Benefit Investigation Team	0	0
48.4	Medium	Housing Benefit Claimants to Personal alcohol licences, between bodies	0	1	Benefit Investigation Team	0	0
48.5	Low	Housing Benefit Claimants to Personal alcohol licences, within bodies	9	32	Benefit Investigation Team	1	1
48.6	Low	Housing Benefit Claimants to Personal alcohol licences, between bodies	1	7	Benefit Investigation Team	0	0
66	High	Payroll to Payroll, between bodies	1	61	Internal Audit	55	6
68	Medium	Payroll to Payroll, between bodies	0	1	Internal Audit	1	0
75	High	Payroll to Housing Benefit Claimants, between bodies	1	1	Internal Audit	1	0
78	Info	Payroll to Pensions, between bodies	0	36	Internal Audit	0	0
83	Info	Payroll to NI Number Check, within bodies	0	5	Internal Audit	0	0
100	High	Housing Tenants to Housing tenants, within bodies	3	5	Benefit Investigation Team	3	0
101	High	Housing Tenants to Housing Tenants, between bodies	4	4	Benefit Investigation Team	2	2
102	Medium	Housing Tenants to Housing Tenants, within bodies	3	10	Benefit Investigation Team	0	0
103	Medium	Housing Tenants to Housing Tenants, between bodies	26	27	Benefit Investigation Team	7	0
108	Medium	Housing Tenants to UK Visas, between bodies	0	2	Benefit Investigation Team	1	0
111	High	Housing Tenants to Housing Benefit Claimants, between bodies	2	5	Benefit Investigation Team	0	2
113	Medium	Housing Tenants to Housing Benefit Claimants, between bodies	38	48	Benefit Investigation Team	37	0
117	Medium	Housing Tenants to Right to Buy, between bodies	0	2	Benefit Investigation Team	0	0
150	Medium	Right to Buy to Housing Tenants, within bodies	0	3	Benefit Investigation Team	0	0
151	Medium	Right to Buy to Housing Tenants, between bodies	0	1	Benefit Investigation Team	0	0
156	High	Right to Buy to Housing Benefit Claimants, within bodies	24	25	Benefit Investigation Team	0	0
158	Medium	Right to Buy to Housing Benefit Claimants, within bodies	0	10	Benefit Investigation Team	0	0
159	Medium	Right to Buy to Housing Benefit Claimants, between bodies	0	3	Benefit Investigation Team	0	0
170.1	Medium	Blue Badge Parking Permit to Blue Badge Parking Permit, between bodies	0	6	Internal Audit	0	0
172.1	High	Blue Badge Parking Permit to Benefits Agency Deceased Persons within bodies	303	342	Internal Audit	342	0
173	High	Private Residential Care Homes to Benefits Agency Deceased Persons within bodies	4	23	Internal Audit	23	0
173.1	High	Private Residential Care Homes to DDRI Deceased person within bodies	30	30	Internal Audit	30	0
180.5	Low	Insurance Claimants to Insurance Claimants, within bodies	5	23	Internal Audit	0	0
180.6	Low	Insurance Claimants to Insurance Claimants, between bodies	0	3	Internal Audit	0	0
			796	**2712**		**593**	**53**

Number of recommended filter cases to be investigated by :

Benefit Investigation Team	452
Internal Audit	344
	796