

Appendix A



National Fraud Initiative 2012/13

Strategy for Investigation of Matched Datasets

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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 8th October 2012, 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
 - Creditors

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, contractors engaged by the Audit Commission and on 29th January 2013 and 14th February 2013 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 and both Internal Audit and Revenues & Benefits are involved in the investigation of matched data.
- 1.6** Progress on the investigation of matched data can be monitored remotely by the WDC Key Contact, 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 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 29th January 2013 with additional matches being provided on 14th February 2013.

- 2.2** An analysis of these matched dataset reports is included at Appendix A (page 6) to this document.
- 2.3** As can be seen from Appendix A, there is a total of 6945 individual cases from 78 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 6945 cases, after the “recommended filter” is applied, 1299 cases are shown (18.7%).
- 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; and
 - 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; and
 - 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 6945 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 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.

Cases involving Council employees

- 2.8** 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.

2.9 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.

2.10 The Benefit Investigation Team is also used to investigate matched datasets

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 2013: Matches selected for investigation in principle
- 30 September 2013. Investigation of cases completed, subject to more complex cases requiring further investigation or information from other bodies or indeed prosecution
- 31 March 2014: Final reporting of results

3.3 The NFI Coordinators will be taking a final position statement in March 2014 so that the national report can be made ready for publication for May 2014 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.

3.4 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.

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

NFI Matches Summary

Appendix A

report	Priority	Summary Title	Total Matches	Rec Filter Total Matches	Investigation to be led by
2	High	Housing Benefit Claimants to Student Loans	80	70	Benefit Investigation Team
4	Medium	Housing Benefit Claimants to Student Loans	1	1	Benefit Investigation Team
13	High	Housing Benefit Claimants to Payroll	96	3	Benefit Investigation Team
14	High	Housing Benefit Claimants to Payroll	50	4	Benefit Investigation Team
14.1	High	Housing Benefit Claimants to Pensions	1008	20	Benefit Investigation Team
16	Medium	Housing Benefit Claimants to Payroll	2	1	Benefit Investigation Team
16.1	Medium	Housing Benefit Claimants to Pensions	6	0	Benefit Investigation Team
17	Address	Housing Benefit Claimants to Payroll	155	51	Benefit Investigation Team
18	Address	Housing Benefit Claimants to Payroll	143	50	Benefit Investigation Team
18.1	Address	Housing Benefit Claimants to Pensions	189	74	Benefit Investigation Team
26	High	Housing Benefit Claimants to Housing Benefit Claimants	11	1	Benefit Investigation Team
27	High	Housing Benefit Claimants to Housing Benefit Claimants	28	5	Benefit Investigation Team
29	Medium	Housing Benefit Claimants to Housing Benefit Claimants	2	2	Benefit Investigation Team
30	High	Housing Benefit Claimants to Housing Tenants	17	10	Benefit Investigation Team
31	High	Housing Benefit Claimants to Housing Tenants	12	5	Benefit Investigation Team
32	Medium	Housing Benefit Claimants to Housing Tenants	21	7	Benefit Investigation Team
33	Medium	Housing Benefit Claimants to Housing Tenants	8	6	Benefit Investigation Team
34	High	Housing Benefit Claimants to Right to Buy	15	1	Benefit Investigation Team
36	Medium	Housing Benefit Claimants to Right to Buy	2	1	Benefit Investigation Team
37	Medium	Housing Benefit Claimants to Right to Buy	1	0	Benefit Investigation Team
45.5	Address	Housing Benefit Claimants to Insurance Claimants	5	5	Benefit Investigation Team
45.6	Address	Housing Benefit Claimants to Insurance Claimants	1	0	Benefit Investigation Team
46.1	High	Housing Benefit Claimants to Market Traders	3	1	Benefit Investigation Team
46.4	Medium	Housing Benefit Claimants to Market Traders	1	0	Benefit Investigation Team
46.5	Address	Housing Benefit Claimants to Market Traders	2	1	Benefit Investigation Team
46.6	Address	Housing Benefit Claimants to Market Traders	1	1	Benefit Investigation Team
47.1	High	Housing Benefit Claimants to Taxi Drivers	26	8	Benefit Investigation Team
47.2	High	Housing Benefit Claimants to Taxi Drivers	8	1	Benefit Investigation Team
47.4	Medium	Housing Benefit Claimants to Taxi Drivers	1	0	Benefit Investigation Team
47.5	Address	Housing Benefit Claimants to Taxi Drivers	31	11	Benefit Investigation Team
47.6	Address	Housing Benefit Claimants to Taxi Drivers	22	7	Benefit Investigation Team
48.1	High	Housing Benefit Claimants to Personal alcohol licences	38	12	Benefit Investigation Team
48.2	High	Housing Benefit Claimants to Personal alcohol licences	2	1	Benefit Investigation Team
48.3	Medium	Housing Benefit Claimants to Personal alcohol licences	1	0	Benefit Investigation Team
48.4	Medium	Housing Benefit Claimants to Personal alcohol licences	1	0	Benefit Investigation Team
48.5	Address	Housing Benefit Claimants to Personal alcohol licences	43	11	Benefit Investigation Team
48.6	Address	Housing Benefit Claimants to Personal alcohol licences	3	0	Benefit Investigation Team
65	High	Payroll to Payroll	3	0	Internal Audit
66	High	Payroll to Payroll	76	3	Internal Audit
68	Medium	Payroll to Payroll	1	0	Internal Audit
75	High	Payroll to Housing Benefit Claimants	1	0	Internal Audit

78	Information Only	Payroll to Pensions	8	0	Internal Audit
80	High	Payroll to Creditors	225	35	Internal Audit
81	Address	Payroll to Creditors	76	41	Internal Audit
91	High	Housing Benefit Claimants to Waiting List	2	0	Benefit Investigation Team
93	Medium	Housing Benefit Claimants to Waiting List	1	0	Benefit Investigation Team
100	High	Housing Tenants to Housing Tenants	4	2	Internal Audit
101	High	Housing Tenants to Housing Tenants	8	3	Internal Audit
102	Medium	Housing Tenants to Housing Tenants	14	3	Internal Audit
103	Medium	Housing Tenants to Housing Tenants	23	18	Internal Audit
108	Medium	Housing Tenants to UK Visas	2	0	Internal Audit
111	High	Housing Tenants to Housing Benefit Claimants	5	3	Benefit Investigation Team
113	Medium	Housing Tenants to Housing Benefit Claimants	43	31	Benefit Investigation Team
117	Medium	Housing Tenants to Right to Buy	1	0	Internal Audit
148	High	Right to Buy to Housing Tenants	3	0	Internal Audit
150	Medium	Right to Buy to Housing Tenants	3	0	Internal Audit
151	Medium	Right to Buy to Housing Tenants	2	1	Internal Audit
156	High	Right to Buy to Housing Benefit Claimants	15	9	Benefit Investigation Team
157	High	Right to Buy to Housing Benefit Claimants	1	0	Benefit Investigation Team
158	Medium	Right to Buy to Housing Benefit Claimants	2	0	Benefit Investigation Team
159	Medium	Right to Buy to Housing Benefit Claimants	4	1	Benefit Investigation Team
170	High	Blue Badge Parking Permit to Blue Badge Parking Permit	4	1	Internal Audit
170.1	Medium	Blue Badge Parking Permit to Blue Badge Parking Permit	1	1	Internal Audit
172.1	High	Blue Badge Parking Permit to DWP Deceased	226	216	Internal Audit
173	High	Private Residential Care Homes to DWP Deceased	36	4	Internal Audit
180.2	High	Insurance Claimants to Insurance Claimants	2	2	Internal Audit
180.3	Medium	Insurance Claimants to Insurance Claimants	4	2	Internal Audit
180.5	Address	Insurance Claimants to Insurance Claimants	881	253	Internal Audit
180.6	Address	Insurance Claimants to Insurance Claimants	5	4	Internal Audit
701	High	Duplicate creditors by creditor name	341	0	Internal Audit
702	High	Duplicate creditors by address detail	212	0	Internal Audit
703	High	Duplicate creditors by bank account number	44	0	Internal Audit
707	High	Duplicate records by reference, amount and creditor reference	181	12	Internal Audit
708	High	Duplicate records by amount and creditor reference	2050	267	Internal Audit
710	High	Duplicate records by name, invoice number and amount but different creditor reference	16	3	Internal Audit
711	High	Duplicate records by invoice number and amount but different creditor reference and name	344	7	Internal Audit
712	High	Duplicate records by postcode, invoice date and amount but different creditor reference and invoice number	3	0	Internal Audit
713	High	Duplicate records by postcode, invoice amount but different creditor reference and invoice number and date	36	6	Internal Audit
Total			6945	1299	
Number to be investigated by Benefit Investigation Team			2110	415	
Number of matches to be investigated by Internal Audit			4835	884	
Total			6945	1299	

