

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Corporate Services

Audit and Performance Review Committee: 11 June 2014

Subject: National Fraud Initiative 2012/13 – Progress Report

1. Purpose

- 1.1** The purpose of this report is to advise Members of the results from investigating matched datasets provided to the Council through participation in the National Fraud Initiative 2012/13.

2. Recommendations

- 2.1** It is recommended that the committee note the contents of this report.

3. Background

- 3.1** 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 or error and detect and correct any consequential overpayments from the public purse. A previous report on this NFI activity was submitted to the Audit and Performance Review Committee on 11 December 2013.
- 3.2** A new exercise has recently started, involving the matching of Council Tax data to Electoral Register data with the principal objective being to identify instances where the Council Tax single person’s discount has been incorrectly awarded.

4. Main Issues

- 4.1** Filtering facilities within the database allow the number of cases to be reduced according to a pre-determined set of criteria. This is known as the “recommended filter”. A total of 6,945 matched items was provided to WDC for investigation, with 1,299 (18.7%) of these items being classified as “recommended filter matches”.
- 4.2** The WDC approach to investigating these datasets has been 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.

The investigation of matched datasets by WDC is shared between Internal Audit and the Benefit Investigation Team.

- 4.3** A summary of progress as at 7th May 2014 on the examination of individual matches is as follows:

<u>Details</u>	<u>Recommended Matches</u>	<u>Other Matches</u>	<u>TOTAL</u>	<u>Value</u>
Matches cleared with no further action	1040	763	1803	0
Matches where fraud discovered	9	0	9	£39,748
Matches where overpayment discovered	8	15	23	£88,177
Matches where Investigations are in progress	40	11	51	Unknown
TOTAL	1097	789	1886	£127,925

- 4.4** Included in the total at 4.3 are 1,097 matches (84%) of the 1,299 recommended filter matches and 789 non recommended filter matches. To date all but 202 of the recommended filter matches have been investigated, and work continues to follow-up on these remaining matches, although some are dependent on other bodies supplying information to us for many of these matches.
- 4.5** Following investigation of matches a number of cases of fraud have been identified valued at £39,748 all of which relates to Benefit Fraud. Action is underway to recover £35,375 and the balance of £4,373 relates to Income Support and is being collected by DWP.
- 4.6** Investigations have also identified £88,177 of overpayments. Of the total £15,937 relates to 10 cases involving benefit overpayments which were errors and £72,240 involves 13 cases of overpayments to creditors.
- 4.7** Recovery of benefit overpayments is achieved via clawback of continuing benefit or where individuals are no longer in receipt of benefit an account will be issued.
- 4.8** The creditor's data submitted covered a 4 year period 2009/10 to 2012/13. Internal Audit and the Creditors Section are in discussion regarding the incidence of overpayments in the creditors system and the actions required to reduce the likelihood of this recurring. A total of £67,058 of creditors overpayments have been recovered with an amount £567 still being discussed with a supplier. Two suppliers owing a total of £4,615 have ceased trading and so there is no prospect of collecting these amounts.

- 4.9 Investigation work on data provided from the matching of Council Tax data to the Electoral Register data is at an early stage and further information will be provided in due course to this Committee.

5. People Implications

- 5.1 There are no personnel implications with this report.

6 Financial Implications

- 6.1 There are no financial implications other than those identified above.

7. Risk Analysis

- 7.1 If matched dataset cases are not investigated sufficiently, particularly the “recommended filter” matches (see Section 4 above), there is a risk that instances of error and fraud may not be detected.

8. Equalities Impact Assessment (EIA)

- 8.1 EIA is not appropriate.

9. Consultation

- 9.1 Consultation has taken place with Finance Services and Legal, Democratic and Regulatory Services and neither have reported any issues with this report.

10. Strategic Assessment

- 10.1 Participation with the National Fraud Initiative Exercise contributes to Council's strategic priorities by identifying and taking action to stop, reduce and recover fraud and error.

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Date: 28th May 2014

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Appendices: None

Background Papers: Audit and Performance Review Committee (11 December 2013) National Fraud Initiative 2012/13 – Progress Report

Wards Affected: All Wards