

WEST DUNBARTONSHIRE COUNCIL

Report by Strategic Lead - Resources

Audit Committee: 15 September 2021

Subject: National Fraud Initiative Exercise 2020/21

1. Purpose

- 1.1 The purpose of this report is to update Members on the current position with regard to the National Fraud Initiative in Scotland 2020/2021 Exercise.

2. Recommendations

- 2.1 It is recommended that the Audit Committee notes the contents of this report and agrees that further updates are provided to Audit Committee outlining the Council's progress with the 2020-2021 exercise.

3. Background

- 3.1 The NFI in Scotland is now well established with this being the 8th biennial exercise since 2006/07. The NFI enables public bodies to take advantage of computer data matching techniques to detect fraud and error. The NFI remains the largest national fraud detection and prevention scheme that can provide data matches within and between public bodies. Its key features are that it:
- acts as a deterrent to potential fraudsters.
 - identifies errors and fraud thus enabling appropriate action to recover money and/or press criminal charges.
 - can provide assurances, similar to a regular health check, that systems are operating well and can also identify where improvements are required.
 - operates across boundaries between public bodies in different sectors and countries.
 - represents value for money in terms of the efficiencies deliverable through centralised data processing and identifying targeted high priority matches.
- 3.2 The NFI works by using data matching to compare a range of information held on bodies' systems to identify potential inconsistencies or circumstances that could indicate fraud or error which are called 'matches'. A match does not automatically mean that there is a fraud or error and investigations are required to enable the correct conclusion to be drawn for each match. Bodies investigate these and record on a secure web application appropriate outcomes based on their investigations.
- 3.3 Public bodies spend billions of pounds of taxpayers' money for the benefit of the Scottish population, providing services and financial assistance to all citizens including those that need them the most. Systems underpinning public

spending can be complex and errors can happen. Unfortunately, there are also some individuals who seek to exploit the systems and fraudulently obtain services and benefits to which they are not entitled.

3.4 Data sharing enables bodies to match data internally and externally. Technology provides an efficient way to connect discrete data sets and can therefore limit the gaps available for fraudsters to manipulate and can help identify those that have. It also supports bodies to identify and implement process and control improvements that should reduce future errors and the costs of correcting these errors.

3.5 Audit Scotland, working closely with public bodies, external auditors and the Cabinet Office, has completed another major data sharing and matching exercise. The National Fraud Initiative (NFI) exercises make a significant contribution to the security and transparency of public sector finances by confirming that services are provided to the correct people and by reducing fraud and error.

4. Main Issues

4.1 For the 2020/21 exercise, a number of data matches were released on 31 January 2021. West Dunbartonshire Council has now received 5,916 matches which are set out in Appendix 1. To date 740 matches have been processed and £2802.12 of fraud has been identified relating to council tax reduction scheme. There are further matches relating to business grants which were due to be received by 31 March but due to system issues, these matches have been delayed.

4.2 The 2020/21 NFI exercise will be monitored by Audit & Fraud as part of the 2020/21 and 2021/22 Annual Audit Plans. Training and support will be provided to Services responsible for investigating the matches and an update on progress will be provided on a regular basis to Audit Committee.

5. Personnel Implications

5.1 There are no personnel issues with this report.

6. Financial and Procurement Implications

6.1 There are neither financial nor procurement implications arising directly from this report.

7. Risk Analysis

7.1 The NFI enables public bodies to take advantage of computer data matching techniques to detect fraud and error. This can lead to process risks being identified during the investigation of matches and internal controls being strengthened to reduce the risk of fraud and error recurring in the future and improve the Council's control environment.

8. Equalities Impact Assessment (EIA)

8.1 There are no issues.

9. Consultation

9.1 This report has been subject to consultation with appropriate Strategic Leads.

10. Strategic Assessment

10.1 This report relates to all five of the Council's Strategic Priorities.

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Appendix 1: NFI 20/21 Exercise - Matches

Background Papers: None

Wards Affected: All wards