

For publication

National Fraud Initiative

Meeting:	Standards and Audit Committee
Date:	22nd November 2017
Cabinet portfolio:	Governance
Report by:	Internal Audit Consortium Manager

For publication

1.0 Purpose of report

1.1 To present for members' information a summary of the results of the 2016/17 National Fraud Initiative (NFI) for Chesterfield Borough Council.

2.0 Recommendation

2.1 That the report be noted.

3.0 Report details

3.1 Every 2 years the Audit Commission undertook the National Fraud Initiative Data Matching Exercise. Now that the Audit Commission no longer exists, responsibility for NFI has moved to the Cabinet Office and is set to continue. Local Authorities are required to supply various data sets which they process and match with other local authorities and participating organisations to try to highlight potential cases for further investigation. It should be noted that the existence of a match does not necessarily indicate that any form of fraud has taken place and each match needs to be investigated further.

- 3.2 The NFI website states that all users should have undergone appropriate pre-employment screening checks to ensure that the threat to the system or the information is mitigated as far as possible and as such recommends that the HMG Baseline Personnel Security Standard (BPSS) is adhered to.
- 3.3 This covers an identity check; nationality and immigration status check; employment history check and a criminal record check (unspent convictions only).
- 3.4 A review of users highlighted a number that have not been subject to the above checks. (3xCBC and 2xArvato users).
- 3.5 Approval has been obtained to initiate the BPSS check for these users, which once completed will ensure compliance with the NFI user instructions.
- 3.6 Data was downloaded in October 2016 and the reports were released to local authorities to commence their reviews in February 2017.
- 3.7 The results are made available through a secure web site where details of the results of investigations can be recorded together with the amount of any errors or frauds identified.
- 3.8 To assist the examination of reported matches, reports are classified as High, Medium or Low quality (there is a fourth little used category of 'for information'). Within each report, certain matches are highlighted as 'recommended', these being considered the better quality matches.
- 3.9 The main reports generated related to housing benefit claimants, payroll, creditor and housing tenant data. Council Tax (single person discount) matches are subject to a separate annual data matching exercise, with these results being reviewed by Arvato Revenues staff.
- 3.10 The matching now includes credit referencing capability (this gives access to comprehensive data relating to an individual, and

their personal and financial circumstances), however as this involves additional cost this element has not been utilised

SUMMARY OF THE RESULTS OF THE 2016/17 NFI FOR CHESTERFIELD

3.11 The following reports were received:

High Quality	40
Medium Quality	10
Low Quality	8
For information	<u>1</u>
Total	<u>59</u>

3.12 The above reports contained 1,678 matches (1,354 excluding matches in previous years occurring again) in total of which 253 were recommended matches (234 excluding matches in previous years). In 2014/15 there were 2,152 matches, 289 of which were recommended matches (1,639 and 231 respectively - excluding matches in previous years occurring again). In total, 128,381 records were submitted to NFI in October 2016:

- Housing Right to Buy – 1903
- Housing Current Tenants – 11343
- Housing Former Tenants – 232
- Alcohol Licences – 202
- Market Traders – 140
- Taxi Drivers – 536
- Payroll – 960
- Resident Parking Permits – 1720
- Trade Creditor Payment History – 107574
- Trade Creditor Standing Data – 3771

3.13 By the end of September 2017, 286 matches were reviewed which included all 253 high quality recommended matches. In reviewing matches, priority was given to recommended matches in reports classified as High Quality (100% reviewed).

3.14 No errors were identified.

- 3.15 Overall 286 matches have been reviewed out of 1,678 reported. In view of the fact that no frauds/errors have been identified in the matches reviewed it is not proposed to undertake checks on the remaining matches due to resource requirements and limited likelihood of identifying errors or frauds.
- 3.16 Risk Management Issues – There is a risk that there could be fraud or errors within the matches that have not been investigated, however, by concentrating on the high quality recommended matches this risk is minimised.
- 3.17 Financial - the investigation of matches has been undertaken within current staffing resources.

4 Alternative options and reasons for rejection

- 4.1 The report is for information.

5 Recommendation

- 5.1 That the report be noted.

6 Reasons for recommendation

- 6.1 To inform Members of the results of the 2016/17 NFI.

Decision information

Key decision number	N/A
Wards affected	All
Links to Council Plan priorities	This report links to the Council's priority to provide value for money services.

Document information

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Background documents These are unpublished works which have been relied on to a material extent when the report was prepared.	
Appendices to the report	