

FOR PUBLICATION

CHESTERFIELD BOROUGH COUNCIL NATIONAL FRAUD INITIATIVE

MEETING: STANDARDS AND AUDIT
COMMITTEE

DATE: 25TH NOVEMBER 2015

REPORT BY: INTERIM HEAD OF INTERNAL AUDIT
CONSORTIUM

1.0 PURPOSE OF REPORT

1.1 To present to Members for information a summary of the results of the 2014/15 National Fraud Initiative (NFI) for Chesterfield Borough Council.

2.0 RECOMMENDATION

2.1 That the report be noted.

3.0 BACKGROUND

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 Data was downloaded in October 2014 and the reports were released to local authorities to commence their reviews in February 2015.

- 3.3 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.
- 3.4 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.
- 3.5 The main reports generated related to housing benefit claimants, payroll, creditor and housing tenant data. Council Tax matches are subject to a separate annual data matching exercise, with these results being reviewed by Arvato Revenues staff.

4.0 **SUMMARY OF THE RESULTS OF THE 2014/15 NFI FOR CHESTERFIELD**

4.1 The following reports were received:

High Quality	36
Medium Quality	19
Low Quality	10
For information	1
Total	<u>66</u>

- 4.2 The above reports contained 2,152 matches (excluding matches in previous years occurring again) in total of which 289 were recommended matches. In 2012/13 there were 2,099 matches, 338 of which were recommended matches. In total, 89,425 records were submitted to NFI (25,500 records in respect of individual people or companies and 63,925 invoices).
- 4.3 By the end of September 2015, 468 matches were reviewed which included all 289 high quality recommended matches. In reviewing matches, priority was given to recommended matches in reports classified as High Quality (100% reviewed).

4.4 21 errors were identified 3 of which resulted in savings of £9,382.64. The errors related to the following:-

Report Title	Errors	Savings
Housing Benefit Claimants to student loans – claimant error	2	4,221.88
Duplicate records by supplier invoice number and invoice amount but different creditor reference and name (paid once to Capita Resources and once to Capita Business Services). Payment returned.	1	5,160.76
Total	3	9,382.64

4.5 The remaining 18 errors related to duplicate creditor details but no financial loss was involved. Although duplicate creditors were set up on the system no duplicate payments were made. The Accounts Payable system administrator has undertaken a ‘cleanse’ on all suppliers that have not been utilised since the 1st April 2013 which resulted in 7,752 supplier accounts being closed. To put this in to context, there were 11,477 supplier accounts set up and this has now been reduced to 3,725. In future, in accordance with internal audit recommendations, a review of supplier accounts will be undertaken every year end.

4.6 Overall 468 matches have been reviewed out of 2,152 reported. In view of the fact that no frauds and only minimal 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.

5.0 CONSIDERATIONS

5.1 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.

5.2 Financial - the investigation of matches has been undertaken within current staffing resources.

5.3 Equalities – there are none arising from the contents of this report.

6.0 **RECOMMENDATION**

6.1 That the report be noted.

7.0 **REASON FOR RECOMMENDATION**

7.1 To inform Members of the results of the 2014/15 NFI exercise.

**JENNY WILLIAMS
INTERIM HEAD OF INTERNAL AUDIT CONSORTIUM**