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**REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 22 AUGUST 2018**

**SUBJECT: THE NATIONAL FRAUD INITIATIVE IN SCOTLAND**

**BY: CORPORATE DIRECTOR (CORPORATE SERVICES)**

**1. REASON FOR REPORT**

- 1.1 To provide Committee with information from Audit Scotland's recently published report on the National Fraud Initiative (NFI).
- 1.2 This report is submitted to Committee in terms of Section III (I) (3) of the Council's Scheme of Administration relating to considering reports from Audit Scotland concerning Council functions.

**2. RECOMMENDATION**

- 2.1 **Committee considers and notes the outcome from the Audit Scotland report and notes the council's responses to recommendations therein, which generally are in satisfactory terms.**

**3. BACKGROUND**

- 3.1 The National Fraud Initiative has been in place for a number of years and continues to generate positive benefits for the public sector.
- 3.2 Co-ordinated by the Cabinet Office on behalf of Audit Scotland, it is essentially a data matching exercise involving participants from across the public sector including local authorities.
- 3.3 Data from a range of council systems is matched with other information provided by the council or from other organisations. In the majority of cases matches occur for legitimate reasons; where they do not, participating bodies are invited to check the nature of the match and have it corrected.
- 3.4 This Committee has been provided with information on outcomes from work undertaken by internal audit in this council (paragraph 4 of the minute of 8 November 2017 refers), and the approach taken in general has been endorsed by the external auditor (as referenced in the separate management report in this agenda).

## RECOMMENDATIONS –NATIONAL REPORT

3.5 The recommendations from the national report and council observations thereon are as follows (page six of the report refers – see [http://www.audit-scotland.gov.uk/uploads/docs/report/2018/nr\\_180705\\_national\\_fraud\\_initiative.pdf](http://www.audit-scotland.gov.uk/uploads/docs/report/2018/nr_180705_national_fraud_initiative.pdf)):

**(1) All participants should ensure that they maximise the benefit of their participation.**

Council response: Agreed, a proportionate approach has been and will be taken.

**(2) Consider using the NFI App check point of application service, the flexible matching service and the Equifax Public Sector Gateway service when planning their counter fraud activities.**

Council response: The council already uses the flexible matching service and for the others there are additional costs that up to now the council has considered would outweigh any additional benefits to be derived. This will be kept under review.

**(3) Consider whether it is possible to work more efficiently on the NFI matches by reviewing guidance.**

Council response: This remains under review given the scarcity of resource and other priorities – we will continually look for ways to achieve the desired outcome at optimal costs.

**(4) Audit Committees, or equivalent and officers leading the NFI should review the National Fraud Initiative self appraisal checklist.**

Council response: This was done relatively recently but given the change in committee membership, the results of an updated review will be presented to a future meeting of the committee, with planning for the 2018/19 NFI exercise soon to get under way.

**(5) Where local auditors have identified specific areas where improvement could be made, council should act on these as soon as possible.**

Council response: There are no significant issues for this council; however, we have an ongoing dialogue with our local external auditor that will enable any issues arising to be considered.

**(6) Council should investigate council tax single person discount matches to ensure that their awarded discounts are valid.**

Council response: All such discounts awarded are checked, as work on this topic in the past has derived the greatest benefit for the council.

#### **4. SUMMARY OF IMPLICATIONS**

**(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

No implications.

**(b) Policy and Legal**

No implications.

**(c) Financial implications**

There is a cost of participation; however, there are also benefits where correction of errors results in additional funding for the council, and additionally, assurances are obtained on the robustness of the systems.

**(d) Risk Implications**

The risk of not participating is that fraud or error occurs and is allowed to continue unchecked.

**(e) Staffing Implications**

No implications.

**(f) Property**

No implications.

**(g) Equalities/Socio Economic Impact**

No implications.

**(h) Consultations**

The Head of Financial Services as the NFI Senior Responsible Officer has been consulted, any comments made have been considered when writing the report.

#### **5. CONCLUSION**

**5.1 Audit Scotland's report on the National Fraud Initiative provides Committee with a commentary on its role and purpose and makes recommendations that are considered within this report.**

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Background Papers: Audit Scotland NFI National Report  
Ref: AS /asc/220818