Audit Scotland

National Fraud Initiative - Self-appraisal checklist

Part A: For those charged with governance	Yes /No/Partly	Commentary	Action required, who by and when?
Leadership, commitment and communication			
1. Are we committed to NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?	Yes	The Head of Financial Services and Internal Audit conduct the work with outcomes reported to the Audit and Scrutiny Committee. Staff are notified that their information is being used for data matching in accordance with NFI guidelines.	No action required.
2. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?	Yes	NFI is referred to and forms part of the Council's Policy to Combat Fraud, Theft Bribery and Corruption.	Wider fraud policy remains current but is due to be refreshed and submitted for approval to Policy and Resources Committee. Corporate Director (Corporate Services) by February 2019
3. Have we considered using the real-time matching (Flexible Matching Service) facility and the point of application data-matching service offered by the NFI team to enhance assurances over internal controls and improve our approach to risk management?	Yes	There is a cost for using these services which, based on the outcomes from the checking of matches thus far, would not be justified. This position will continue to be monitored.	Keep under review.
4. Are the NFI progress and outcomes reported regularly to senior management and elected/board	Yes	Most recent outcomes reported to Audit and Scrutiny Committee in	No action required.

			November 2017.	
members (e.g. the audit committee or equivalent)?				
5.	Where we have not submitted data or used the matches returned to us, e.g. council tax single person discounts, are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?	Not applicable	All data submission requests have been met.	No action required.
6.	Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?	Yes	The Internal Audit Manager is the Key Contact with oversight of the matching process.	No action required.
7.	Do we review how frauds and errors arose and use this information to improve our internal controls?	Yes	The exercise has highlighted errors in data quality and in processing – where possible controls have been strengthened e.g. by using software designed to highlight duplicate payments. For council tax discounts the NFI process itself is a control used to identify incorrect awards of discount.	No action required.
8.	Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (e.g. successful prosecutions)?	No	As noted above, the issues highlighted from data matching have related to error or issues that require corrective actions as opposed to fraud that would merit formal prosecution.	Keep under review.

Part B: For the NFI key contacts and users	Yes/ No/Partly	Commentary	Action required, who by and when?
Planning and preparation			
1. Are we investing sufficient resources in the NFI exercise?	Yes	Audit staff supported by service departments as appropriate	No action required.
2. Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available? This includes considering the quality of data.	Yes	This is currently on going ahead of data submission which takes place between October and December 2018	In train.
3. Is our NFI Key Contact (KC) the appropriate officer for that role and do they oversee the exercise properly?	Yes	Internal Audit Manager	No action required.
4. Do KCs have the time to devote to the exercise and sufficient authority to seek action across the organisation?	Yes	Time is available within the audit plan to undertake this work.	No action required.
5. Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that NFI can deter fraud and that there is value in the assurances that we can take from low outcomes?	Yes	This has been communicated to the Audit and Scrutiny Committee with the emphasis for each dataset involving taking a proportionate approach to checking returned matches.	No action required.
6. Do we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements?	Yes		No action required.
7. Do we plan to provide all NFI data on time using the secure data file upload facility properly?	Yes		No action required.
8. Do we adequately consider the submission of any 'risk-based' data sets in conjunction with our auditors?	N/A	In the latest NFI exercise all datasets are now mandatory.	No action required
9. Have we considered using the real-time matching (Flexible Matching Service) facility and the point of	Yes	See response to PART A Q3 above	

	application data-matching service offered by the NFI team to enhance assurances over internal controls and improve our approach to risk management?			
Effective follow-up of matches				
10.	Do all departments involved in NFI start the follow-up of matches promptly after they become available?	Yes		No action required
11.	Do we give priority to following up recommended matches, high-quality matches, those that become quickly out of date and those that could cause reputational damage if a fraud is not stopped quickly?	Yes		No action required
12.	Do we recognise that NFI is no longer predominantly about preventing and detecting benefit fraud? Have we recognised the wider scope of NFI and are we ensuring that all types of matches are followed up?	Yes		No action required
13.	Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?	Yes		No action required.
14.	(In health bodies) are we drawing appropriately on the help and expertise available from NHS Scotland Counter-Fraud Services?	N/A		Not applicable.
15.	Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Procurator Fiscal)? Are we recovering funds effectively?	Yes	Where errors are disclosed which call for funds to be recovered by the council, the steps necessary to do this are put in place.	Future actions will depend on results from future matching processes
16.	Do we avoid deploying excessive resources on match reports where early work (e.g. on recommended matches) has not found any fraud or error?	Yes	The process of checking has been refined over successive exercises to reflect the risk apparent from sampled matches,	A proportionate approach to checking will continue to ensure resource inputs are optimised

			with testing sufficient to draw conclusions	
17.	Where the number of recommended matches is very low, are we adequately considering the related 'all matches' report before we cease our follow-up work?	No	The all matches report is used for information only with the focus being on the specific matches involving the individual datasets	No change to current practice proposed
18.	Overall, are we deploying appropriate resources on managing the NFI exercise?	Yes		No action required
Recording and reporting				
19.	Are we recording outcomes properly in the secure website and keeping it up to date?	Yes		No action required.
20.	Do staff use the online training modules and guidance on the secure website and do they consult the NFI team if they are unsure about how to record outcomes (to be encouraged)?	Yes		No action required.
21.	If, out of preference, we record some or all outcomes outside the secure website have we made arrangements to inform the NFI team about these outcomes?	N/A	To minimise data breaches all results are recorded on the secure website.	No action required.