



REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 4 DECEMBER 2018

SUBJECT: THE NATIONAL FRAUD INITIATIVE IN SCOTLAND

BY: CORPORATE DIRECTOR (CORPORATE SERVICES)

1. REASON FOR REPORT

- 1.1 To provide Committee with information on the council's approach to participation in the National Fraud Initiative (NFI).
- 1.2 This report is submitted to Committee in terms of Section III (I) (2) of the Council's Scheme of Administration relating to considering reports from the council's Internal Auditor.

2. RECOMMENDATIONS

2.1 Committee considers and notes:

- i) **the Audit Scotland self-appraisal checklist that participating bodies are invited to complete and present to their local audit committees; and**
- ii) **that the policy to combat fraud and corruption will be updated and submitted for approval to the next meeting of the Policy and Resources Committee.**

3. BACKGROUND

- 3.1 A report to this Committee on 22 August 2018 considered a national report prepared by Audit Scotland covering its recent work on the National Fraud Initiative and the involvement in this initiative of local authorities. (Paragraph 9 of the draft Minute refers)
- 3.2 The national report made a number of recommendations (six in all) relative to participation in the NFI and the Committee was advised that the council considered it was meeting the terms of these recommendations in an appropriate and proportionate manner.
- 3.3 One of the recommendations made was that Audit Committees, or equivalent, and officers leading the NFI should review Audit Scotland's National Fraud

Initiative self-appraisal checklist. This was last considered by Committee at its meeting on 3 August 2016. (Paragraph 7 of the Minute refers)

- 3.4 The self-appraisal checklist has now been reviewed and updated with comments from the Internal Audit Manager and is provided as **Appendix 1**. This confirms that the council are essentially meeting Audit Scotland requirements in this area with no immediate actions required, although the wider council policy to combat fraud and corruption would benefit from review and resubmission to Policy and Resources Committee for approval.
- 3.5 The checklist will remain a useful aid-memoire as the council progresses though the 2018/19 exercise which is now underway with data submissions taking place over the next three months and matched data being provided for checking from late January 2019.

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 in NFI; 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 our 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 and agrees with the sections of the report relating to her areas of responsibility.

5. CONCLUSION

- 5.1 The council is complying with the Audit Scotland requirements for participants in the National Fraud Initiative, as evidenced in the completed self- assessment checklist provided with this report.**

Author of Report: Atholl Scott

Background Papers: Audit Scotland NFI National Report

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