



Committee and date

Audit Committee

7 December 2009

9.15am

Item No

5

Public

NATIONAL FRAUD INITIATIVE (NFI) 2008/2009 - FORMER DISTRICT AND BOROUGH COUNCILS

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Summary

This report provides details of the outcomes and results arising from the National Fraud Initiative Audit 2008/09 for the former District and Borough Councils. Shropshire Council took responsibility for completing any outstanding matches after the 1 April 2009 and this report sets out the outcomes of those matches, together with details of results prior to this date.

Recommendation

- A. Members are asked to note the content of this report and how the work undertaken contributes to the Council's strong Counter Fraud and Anti-Corruption culture.

Report

Background

1. As Members will recall the National Fraud Initiative is the Audit Commission's data matching exercise which was introduced in 1998 and is run every two years. All Local Authorities including the former District and Borough Councils took part in the Initiative and this report sets out the outcomes of those investigations for the former District and Borough Councils.
2. The financial recovery from this exercise has again been limited and the table below sets out the savings to date analysed over the five former District and Borough Councils. Members will note that £3,910 of duplicate payments were identified in total and these monies are in the process of being recovered. In addition, Housing Benefit investigations have to date (as at 21 October 2009) identified savings of £14,129, with on-going investigations of some 80 cases

out of just over 2,500 matches. Where appropriate, monies are being recovered through on going entitlement or by recovery through invoice.

3. In broad terms, other matches have resulted in records being updated e.g. for deceased Concessionary Travel Passes to prevent future invalid issues and whilst some housekeeping reports were identified in terms of Creditors, as the legacy systems are no longer in use, no further action was required.
4. In addition, we have assisted with providing information for investigations with other bodies including Powys County Council, internally for Housing Benefit Investigations Team and other Local Authorities.

<u>District</u>	<u>Duplicate Payments</u>	<u>Housing Benefits</u>
Bridgnorth District Council (BDC)	£0	£5,090
Oswestry Borough Council (OBC)	£1,910	£7,500
South Shropshire District Council (SSDC)	£2,000	£1,539
Shrewsbury & Atcham borough Council (SABC)	£0	£0
North Shropshire District Council (NSDC)	£0	£0
TOTAL	£3,910	£14,129

5. Further details of the matches which resulted in the above savings/overpayments are recorded below together with a brief summary of other investigations:

<u>Area Investigated</u>	<u>Outcome of Investigation</u>
<p><u>Housing Benefits to Payroll Pensions (BDC)</u></p> <p>The report identified 212 pensioners receiving Housing Benefit. The purpose of this report was to identify cases where housing benefit claimants have failed to declare income that might remove entitlement to benefit or reduce benefit payable.</p>	<p>The Housing Benefits Investigation Team investigated the matches, and whilst 2 investigations are still on-going, 1 match was confirmed as an error amounting to an overpayment of benefit of £1,789.</p>
<p><u>Housing Benefits Claimants to Housing Benefit Claimants (BDC)</u></p> <p>This report seeks to identify an individual that is claiming housing benefit from one or more local authority simultaneously.</p>	<p>There were 6 matches on this report. Investigations identified that for 2 of the 6 matches, there was an overpayment of benefit of £2,174 in total due to error.</p>
<p><u>Housing Benefits Claimants to Housing Rents (BDC)</u></p> <p>This report identified possible cases of tenancy fraud and/or housing benefit fraud where an individual appears to be resident at two different addresses.</p>	<p>There was only one match and this has been confirmed as resulting in an overpayment of £1,127, again due to an error.</p>
<p><u>Housing Benefits Claimants to Student Loans (OBC)</u></p> <p>To identify individuals who are claiming benefits, but whose student loan eligibility results in them being ineligible for those benefits.</p>	<p>There were 11 possible matches, but only 1 match was identified as a fraud, resulting in an overpayment of £7,500.</p>
<p><u>Duplicate Payments (OBC)</u></p> <p>136 potential duplicate payments were identified.</p>	<p>Internal Audit investigation identified 2 duplicate payments, amounting to £1,910 which is being recovered.</p>

<p><u>Housing Benefit Claimants to Payroll (SSDC)</u></p> <p>The report identified 52 employees receiving Housing Benefit. The purpose of this report was to identify cases where housing benefit claimants have failed to declare income that might remove entitlement to benefit or reduce benefit payable.</p> <p>A fraud of this type might also suggest a lack of integrity on the part of the employee that could potentially pose a threat to the employing organisation, particularly where the employee is in a position of trust and/or has access to cash or other assets. Therefore the employer must be notified in cases where the investigation results in a sanction (prosecution, administrative penalty, official caution).</p>	<p>Investigations identified one overpayment of £1,539 due to an administrative error.</p>
<p><u>Duplicate Payments (SSDC)</u></p> <p>116 potential duplicates payments were identified.</p>	<p>Internal Audit investigation indicates that there was one apparent duplicate payment for £2,000. This is subject to further investigation and if appropriate will be recovered.</p>
<p><u>General Reports</u></p>	
<p><u>Concessionary Travel Passes to DWP Deceased</u></p>	<p>The report for each District was referred to Development Services to review and mark the record to prevent future reissues where appropriate.</p>

<u>Insurance</u>	<p>This was a new report. This match involves matching insurance claimant details held by local authorities to identify serial claimants, either between or within local authorities. There were only 5 matches in total and these are currently being investigated by the insurance company. Initial feedback from the insurers appears to indicate that they generally appear to be duplicate records but not duplicate claims.</p>
<u>Other reports</u>	<p>Other reports such as employees without a visa were investigated and cleared as appropriate.</p> <p>As noted above, we have provided information on request to other bodies to assist with their investigations.</p>

Summary

6. The results of the data matching investigations have been reported to the Audit Commission via a suite of on line reports. The Audit Commission, as part of their annual audit of accounts work, will be reviewing the work Internal Audit have undertaken to ensure that it has been carried out properly and that all data matches have been thoroughly investigated.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Human Rights Act Appraisal

The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.

Environmental Appraisal

N/A

Risk Management Appraisal

A failure to investigate the NFI matches efficiently and effectively could lead to frauds not being identified promptly.

Community / Consultations Appraisal

N/A

Cabinet Member

Keith Barrow, Leader of the Council (Brian Williams, Chairman of Audit Committee)

Local Member

All

Appendices

None