



Committee and date

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14
Public

NATIONAL FRAUD INITIATIVE (NFI) 2010/11- UPDATE

Responsible Officer Ceri Pilawski

e-mail: ceri.pilawski@shropshire.gov.uk Tel: 01743 252027

1 Summary

This report provides an update of the outcomes arising from the National Fraud Initiative 2010/11 exercise and the outcomes to date on the results of the Council Tax Single Person discount investigations whose matches were released in 2011/12. The results of the exercise are reported to and monitored by the Audit Commission using their secure NFI website.

As reported previously, savings have increased largely due to the inclusion of Housing Benefits and Council Tax data sets. Our active participation in this exercise remains a positive and integral part of this Authority's commitment to the detection and prevention of fraud. The sharing of data and working together significantly improves the detection of fraud and corruption across the public sector and is a cornerstone of the Fighting Fraud Locally Strategy¹.

The estimated financial savings from the 2010/11 exercise is currently identified as £206,655. The largest part of which relates to Housing Benefit matches of 154,906 and investigations are on-going and may reveal more. In addition, Single Person Discount savings of £35,334 have been identified to date, but as with Housing Benefits, investigations are on-going and additional savings are expected.

NFI data matching currently operates over a two year cycle, but is moving towards more real-time and near real-time fraud prevention activity. As a result, the Council took part in a pilot of real-time data matching and submitted additional pension data to be matched against Benefit Agency records for deceased claimants; this identified an additional 106 potential cases for investigation. Whilst this did not identify any significant savings, as the matches were largely due to timing differences from the date of data upload to the notification of death, the participation demonstrates the Council's continued commitment to prevent and detect fraud. The savings identified of £1,559 are included in the total savings figures provided above. In addition, the Authority has agreed, subject to resources and further information to be a pilot for the new flexible batch and real-time services.

¹ Fighting Fraud Locally Strategy – reported to Audit Committee June 2012

2 Recommendations

Members are asked to note the content of this report and how the work contributes to the Council's counter fraud and corruption culture, with appropriate comment.

REPORT

3 Risk Assessment and Opportunities Appraisal

- 3.1 Participation in this exercise remains a positive and integral part of this Authority's commitment to the detection and prevention of fraud and successfully illustrates the benefit of joined-up working and co-operation between the organisations involved. The national sharing of data allows a number of organisations to effectively identify areas of potential fraud or error, reducing the future risk of such fraud or errors going undetected.
- 3.2 The provision of data for the purposes of NFI is a requirement of the Audit Commission Act 1998 and the output is used by the Audit Commission to help them assess the arrangements that the Council has in place to prevent and detect fraud in accordance with the Code of Audit Practice. The subsequent investigation of the NFI matches ensures that where appropriate any monies lost as a result of identified frauds or errors are identified and recovered and any weaknesses in procedures are addressed to improve the internal control environment and help prevent future fraud or error. The participation in NFI is an integral part of the Fighting Fraud Locally Strategy.
- 3.3 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change consequences of this proposal.

4 Financial Implications

- 4.1 A total of 27 days were spent in 2011/12 Audit Plan to complete the current work, this includes providing the information for the Single Person Discount matches and the pilot for pension data and responding to other bodies queries. In 2010/11, a total of 43 days was spent on providing information, ensuring compliance with the Code of Data Matching and investigating the matches. Matches continue to be investigated by the relevant teams in Housing Benefits; Passenger Transport; Pensions; Payroll; Blue Badge Service; Housing Landlord Services; Revenues; Licensing and Payments. This continues to enable areas to learn directly from any control weaknesses and informs the refinement of their systems to prevent the potential for reoccurrences.
- 4.2 Total savings of £206,655 have been identified to date and progress on recovery is on-going. The largest part of the funds to be recovered relates to Housing Benefit matches of £154,906 and Single Person Discounts of £35,334.

5 Background

- 5.1 The National Fraud Initiative is the Audit Commission's data matching exercise; it was introduced in 1996 and is currently run every two years.
- 5.2 The 2010/11 exercise was the first time that the Council had participated as a Unitary Authority and as a result a number of new reports were received and investigated, these include matches for Housing Benefits and Housing Tenancies.
- 5.3 Other matches have not revealed any financial impact but have resulted in records being updated, such as in respect of unknown deceased Concessionary Bus Pass holders. The update prevents future invalid issues and any fraudulent use of the bus pass by electronically marking the pass invalid.
- 5.4 It was pleasing to note that our systems for identifying deceased Blue Badge holders have greatly benefited from local initiatives that include:
- letters to the estate of badge holders seeking the return of the badge;
 - the way information is recorded on CareFirst;
 - the enhanced role of Registrars in prompting and collecting the return of Blue Badges and Concessionary Bus Passes.
- 5.5 As part of the NFI commitment, the Council is required to respond to other participating bodies' requests for further information, this can be done through the NFI secure website. To date we have provided information on investigations for Telford and Wrekin, Shropshire PCT, a number of other Local Authorities and Registered Social Landlords.
- 5.6 Further details of the significant matches identified and examined, together with associated results are detailed below:

Area Investigated	Outcome of Investigation
Deceased Pensioner Matches	This identified a total of 218 possible deceased pensioners. All matches were investigated. Eleven deceased pensioners were identified. Savings of £9,061 have been identified and these are being recovered from the next of kin or executors.
Blue Badges to Deceased Persons	These reports identified 491 matches, although there were some data quality issues. In all valid matches, the death was already known and where appropriate the return of the badge had been requested.
Concessionary Bus Fares to Deceased Persons	These reports identified 982 matches. Where appropriate the records have been checked and marked accordingly. No fraudulent issues have been identified.

Area Investigated	Outcome of Investigation
Residential Care Home Residents to Deceased Persons	<p>The reports identified 98 matches; all were already known to the Council or there was a small timing difference, with the exception of two cases which were mismatches. These two cases had dates of death before they were admitted to home, the NFI have been notified of these.</p>
Housing/Council Tax Benefits – Various Matches	<p>There were a large number of matches and some are still under investigation.</p> <p>A total of £154,906 overpayments have so far been identified to date and which is being recovered. The overpayments are made up as follows:-</p> <ul style="list-style-type: none"> Student loans - £25,473 NHS employees - £13,530 Local Govt employees - £52,790 Local Govt pensioners - £ 27,887 Market traders - £1,395 Taxi drivers - £9,144 Central Govt pensioners - £ 24,687 <p>Of the above: 56 cases were found to be fraudulent, 78 overpayments were due to customer error and 18 overpayments were due to official error. The remainder require "no action" or are "already known", or investigations are on-going.</p>
Creditor Reports	<p>Creditor reports on possible duplicate payments, invalid VAT registration numbers and duplicate supplier accounts were provided. Audit Services has investigated potential duplicate payments over £1,000 and to date three duplicate payments amounting to £7,354 have been identified and recovered. Additional reports have been referred to the appropriate systems manager for review.</p>

Housing Tenants	These are new reports that match housing tenant records to tenancy records or to other local authorities or registered social landlords records, to identify possible housing tenancy fraud. There were a small number of matches due to timing issues or mismatches, and one match for which an amended tenancy agreement was signed by the remaining occupant.
Other Reports	Other reports such as apparently deceased parking permit holders and possible duplicate insurance claims have been investigated and where appropriate records have been updated accordingly. No frauds or savings have been identified from these reports.

- 5.7 The 2012/13 exercise is planned for October 2012 and work is currently on-going preparing for the download and submission in respect of compliance with the Code of Data Matching and data quality testing of information to be provided to the Audit Commission. Council Tax and Electoral Register data will be provided later in the year in accordance with the prescribed timetable. The results of the 2012/13 exercise are due to be released in late January 2013 and will be reported to Committee in due course.

<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p> <p>National Fraud Initiative NFI 2010/11, Audit Committee, 20 September 2011</p> <p>NFI 2010/11 Outcomes Summary Report</p> <p>Fighting Fraud Locally Strategy</p>
<p>Cabinet Member (Portfolio Holder)</p> <p>Keith Barrow, Leader of the Council and Brian Williams, Chairman of Audit Committee</p>
<p>Local Member</p> <p>All</p>
<p>Appendices</p> <p>None</p>