

PERTH AND KINROSS COUNCIL

Audit Committee

5 February 2020

NATIONAL FRAUD INITIATIVE 2018/19 OUTCOMES

Report by the Chief Internal Auditor (Report No. 20/41)

PURPOSE OF REPORT

This report outlines the action that has been taken by Perth & Kinross Council in response to the requirements of the National Fraud Initiative for 2018/19.

1. BACKGROUND / MAIN ISSUES

- 1.1 The National Fraud Initiative constitutes a sophisticated data matching exercise matching electronic data within and between participating public bodies to assist in the prevention and detection of fraud. The NFI exercise in Scotland is Audit Scotland's data matching exercise that runs every two years in line with the published timetable. The Cabinet Office administers the NFI and processes the data on behalf of Audit Scotland. This 2018/19 exercise represents the seventh NFI data matching to be undertaken in Scotland.
- 1.2 The overall aims of the NFI are to serve the public interest by safeguarding public money against losses from fraud or misappropriation and to contribute towards the fight against fraud. It improves the use made of public resources by identifying anomalies in the data held by different authorities and by ensuring that these are highlighted for further investigation. Whilst it is designed to detect fraud, it may also identify instances of administration error or inaccurate data.
- 1.3 The NFI exercise helps participating bodies (such as Local Authorities, Police Scotland, Scottish Fire and Rescue and the other public sector bodies) to identify possible cases of fraud and detect and correct any consequential under or overpayments. The NFI also helps Auditors in assessing the Council's arrangements for preventing, deterring and detecting fraud.
- 1.4 There are broadly three stages in the NFI process:
 - 1 the submission of the required datasets by public authorities and other organisations;
 - 2 the processing of the data (data matching) in order to identify anomalies; and
 - 3 the investigation of the highlighted and reported anomalies.

- 1.5 The Council is responsible for stages 1 and 3; processing of the data (stage 2) is carried out under arrangements put in place by the Cabinet Office. A report on the Council's involvement and responsibilities has previously been presented to the Audit Committee in September 2018 ([Report 18/293](#)) and regular updates have been provided through routine reporting. The reported findings of the 2016/17 exercise was presented to Audit Committee in March 2018 (report [18/108](#) refers)
- 1.6 Internal Audit acts as a facilitator within the Council and maintains regular contact with Services and external audit to ensure that the former are progressing investigations in accordance with the NFI timetable and guidance.
- 1.7 The Audit Committee is aware that Perth & Kinross Council is one of two local authorities which do not provide the Electoral Roll for the NFI. Legislation to allow Audit Scotland to require Councils to provide information for NFI purposes was introduced after the 2008/09 exercise, subject to any sharing being compliant with data protection legislation. However, the advice from Legal Services is that this does not permit the Council to submit the Electoral Register as there are specific legal restrictions in place which limit the Council's ability to share the Electoral Register. Audit Scotland is aware of the Council's position.
- 1.8 Consequently, Perth & Kinross Council does not use the NFI model for checking eligibility to Council Tax's single occupancy discount. As an alternative to manage risks associated with not providing this information we engage an external agency to carry out such checks on our behalf. The Council's Revenues and Benefits Service is in the process of procuring this Service.
- 1.9 This report presents a summary of progress and the outcomes of the Perth and Kinross Council NFI 2018/19 exercise.

2. 2018/19 OUTCOMES FOR PERTH & KINROSS

- 2.1 A total of 92 reports detailing different data matches were received in respect of Perth and Kinross Council. As at 7 January 2020, these reports contained 4,868 matches, of which 338 matches were regarded as high risk. In addition to investigating these matches, Services have reviewed the remaining matches and investigated a proportion of these using a risk based approach. In total, 2,689 matches have been investigated. Progress has been made with investigating matches, with the exercise concluded and no matches requiring further investigation.
- 2.2 Of the 2,689 fully investigated matches, the level of overpayments identified was £6,625.67, all of which related to Benefits matches. Action is taking place, where possible, to ensure that the Benefits outcomes are recovered or reported to the DWP for appropriate action. The comparable overpayments in respect of the outcomes for the 2016/17 exercise totalled £33,475 and comprised overpayments for Benefits of £19,444; Creditors of £8,909; and care home payments of £5,122.

- 2.3 Information relating to the national outcomes will be made available later in the year by Audit Scotland.

3. CONCLUSION AND RECOMMENDATIONS

- 3.1 Perth & Kinross Council takes seriously its obligations for taking part in the NFI exercise and the 2018/19 exercise is now completed.
- 3.2 The Committee is asked to note this report, which outlines the action taken by Perth & Kinross Council in response to the requirements of the National Fraud Initiative and the outcomes for the 2018/19 exercise.
- 3.3 The Committee is also asked to note the actions taken by the Revenues & Benefits Service as a result of the non-provision of electoral register information

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	None
Strategic Plan	Yes
Resource Implications	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	Yes
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	None

1. Strategic Implications

Corporate Plan

- 1.1 The Council's Corporate Plan 2018 – 2022 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.2 This report relates to all of these objectives.

2. Assessments

Equality Impact Assessment

- 2.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations

between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

- 2.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

Risk

- 2.3 The risks are associated with the level of assurance provided on the controls in place for Single Occupancy Discounts.

3. Consultation

Internal

- 3.1 The Chief Executive and Head of Legal and Governance have been consulted in the preparation of this report.

2. BACKGROUND PAPERS

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.