Audit and Standards Committee - Monday 14 October 2019

National Fraud Initiative (NFI) 2018 - Update

Recommendation

I recommend that:

a. The Audit and Standards Committee note the progress made to date on investigating the data matches received from the Cabinet.

Report of the County Treasurer

Report

Background

1. The NFI is a data matching exercise, designed to help participating bodies to detect and deter fraudulent and erroneous payments. It began in 1996 and is run every two years. It compares information held by and between approximately 1,200 organisations including Councils, police forces, NHS establishments and private companies. The core of the NFI is the matching of data to help reduce levels of housing benefit fraud, occupational pension fraud and tenancy fraud. The most recently completed exercise (2016/17) resulted in the detection (nationally) of £301.2 million of fraud and error across the UK bringing a total to date over two decades of £1.69 billion.

2. The NFI data matching exercise involves Staffordshire County Council (the 'Council') submitting the following data sets to the Cabinet Office for matching against relevant data from other participating organisations, including the Department for Work and Pensions (the 'DWP').

3. Data sets submitted by the Council were:

   a. Payroll
   b. Pensions
   c. Creditors & creditor payments
   d. Blue badge holders
   e. Concessionary travel passes
   f. Council funded private residential care home residents
   g. Personal budget recipients

4. The data used in the NFI was produced in early October 2018. The Payroll, Pensions and Direct Payment data sets covered the period from April 2018 to September 2018. Private Care Home Residents, Blue Badge, and Concessionary

Travel Pass data sets comprised extracts as at 30 September 2018. Creditor data covered the period 1 October 2017 to 30 September 2018[1].

5. It should be noted that individuals whose data was to be included in the exercise were notified prior to the commencement of the 2018 exercise. This was in line with NFI guidance to ensure compliance with the Data Protection Act (2018) incorporating the General Data Protection Regulation (EU) 2016/679.

6. Further details of the types of data matches carried out as part of the NFI and the number of potential data matches returned, together with the progress made to date in investigating these are included at **Appendix 1**.

7. The exercise to date has identified total overpayments of £51,510 that have been recovered from private residential care homes, occurring when the Council was not promptly notified of the death of residents. We have identified an additional £32,356 similar overpayments, although further confirmation is required before recovery action can be taken.

8. A summary of recovered funds and anticipated recoveries is detailed below. Potential duplicate creditor payments have been identified, however at the time of reporting Internal Audit are seeking confirmation from budget holders prior to categorising these as requiring recovery.

Match Type	Recovered to date	No. of Cases	Further Overpayments identified and recovery ongoing	No. of Cases
Private Residential Care Homes to Benefits agency deceased persons	£51,510	2	£32,356 (provisional)	6
Total	£51,510	2	£32,356	6

9. All outstanding overpayments continue to be actively pursued by the Council.

10. The final results of the NFI must be sent to the Cabinet Office by 31st March 2020 and will be reported to a future meeting of the Audit and Standards Committee.

11. In addition to the tangible benefits identified above, during the course of reviewing the matches Internal Audit will consult with colleagues across the organisation. During this process we have identified minor issues not considered fraud or error, for example in September 2019 a potential undeclared conflict of interest was identified. Enquiries found that the interest had been declared, but the school's website had not been updated to reflect this; the website was updated soon after the issue being raised.

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[1] The period used for the Creditor Payments is from the commencement of My Finance and as per NFI guidance.

Equalities Implications

12. There are no direct implications arising from this report.

Legal Implications

13. Participation in the 2018 data matching exercise was mandatory under part 6 of the Local Audit and Accountability Act 2014.

Resource and Value for Money Implications

14. The Cabinet Office fee for participating in the exercise is £3,750 excluding VAT. With the NFI exercise running over a period of two financial years, the Authority is invoiced in two equal annual instalments. Internal Audit has also allocated 30 days within the internal audit plan 2019-20 to carry out the investigations in relation to the potential data matches.

Risk Implications

15. Work supports the strategic risks identified by the Authority.

Climate Change Implications

16. There are no direct implications arising from this report.

List of Background Documents/Appendices:

Cabinet Office National Fraud Initiative Report March 2018
National Fraud Initiative Guidance Handbook
National Fraud Initiative Protocol

Appendix A – Summary of Matches by Group Type (as at September 2019)

Contact Details

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