

<b>Local Members Interest</b>
N/A

## **Audit & Standards Committee – 12 December 2023**

### **National Fraud Initiative (NFI) 2022 - Update**

#### **Recommendation**

1. I recommend that:
  - a) Members note the progress made to date on investigating the data matches received from the Cabinet Office in January 2023 as part of the 2022 National Fraud Initiative ('NFI') exercise.

#### **Report of the Director of Finance & Section 151 Officer**

#### **Background**

2. 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 (2020) resulted in the detection (nationally) of £443 million of fraud and error across the UK bringing a total to date over two decades of £2.4 billion.
3. 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').
4. Data sets submitted by or on behalf of the Council were:
  - a. Payroll;
  - b. Pensions;
  - c. Creditors & creditor payments;
  - d. Blue badge holders; and
  - e. Concessionary travel passes.

5. Prior to the 2020 NFI data matching exercise, the data sets have also included Council funded private residential care home residents and Personal Budget recipients. However, since 2020, these data sets have been excluded by the Cabinet Office following a review of the National Health Service Act 2006 which identified these as being defined as patient data, and their inclusion being determined as outside the remit of the NFI.
6. In lieu of the omission of these data sets from the NFI, Internal Audit performed internal data matching exercises in March 2022 and March 2023 as part of the Council's Counter fraud Workplan, which involved matching "tell us once" data against residential care home residents and personal budget recipients. Whilst the "tell us once" data may not be as comprehensive as the DWP deceased persons data, this exercise has largely mitigated the omission of the equivalent test in the NFI, finding £124k of overpayments in March 2022 and £14k in March 2023. This exercise will be repeated in late 2023/24 to complement the NFI exercise.
7. The data used in the NFI was produced in early October 2022. The Payroll, and Pensions data sets covered the period from April 2022 to September 2022. Blue Badge, and Concessionary Travel Pass data sets comprised extracts as at 30 September 2022. Creditor data covered the period 1 October 2017 to 30 September 2022. Due to the lag between producing the data files, receiving the data match reports and processing the reports, it is therefore expected that some of the errors identified by the reports will have already been dealt with.
8. It should be noted that individuals whose data was to be included in the exercise were notified prior to the commencement of the 2022 exercise. This was in line with NFI guidance to ensure compliance with the Data Protection Act (2018).
9. 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**.
10. The exercise to date has identified confirmed overpayments of £13,973 to date. Additional matches have been identified, these are subject to confirmation from budget holders prior to categorising these as requiring recovery.

11. A summary of recovered funds to date and anticipated recoveries is detailed below.

Match Type	Recovered to Date	No. of Cases	Further Overpayments Identified and Recovery on-going	No. of Cases
Duplicate records by, invoice amount and creditor reference (708)	£0	0	£13,973	3
<b>Total</b>	<b>£0</b>	<b>0</b>	<b>£13,973</b>	<b>3</b>

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

12. It is anticipated that the results processing will be completed by the end of March 2024 and will be reported to a future meeting of the Audit and Standards Committee.
13. In addition to the tangible benefits identified above, during the course of reviewing the matches Internal Audit will consult with colleagues across the organisation. It is anticipated that this will heighten awareness of the NFI and act as a fraud deterrence.

### Equalities Implications

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

### Legal Implications

15. Participation in the 2022 data matching exercise was mandatory under part 6 of the Local Audit and Accountability Act 2014.

### Resource and Value for Money Implications

16. The Cabinet Office fee for participating in the exercise is £3,705 excluding VAT. Internal Audit has also allocated 20 days within the internal audit plan 2023-24 to carry out the investigations in relation to the potential data matches.

### Risk Implications

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

## **Climate Change Implications**

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

## **Report Authors**

Author's name: David Fletcher, Audit Manager (Counter Fraud) / Deborah Harris,  
Chief Internal Auditor

Extension Number: 01785 895408 / 01785 276406

Email: [David.Fletcher@staffordshire.gov.uk](mailto:David.Fletcher@staffordshire.gov.uk)  
[Deborah.Harris@staffordshire.gov.uk](mailto:Deborah.Harris@staffordshire.gov.uk)

## **List of Background Documents/Appendices:**

- Appendix 1 – National Fraud Initiative 2022 – Summary of Matches by Group Type (as of 31 October 2023)
- Cabinet Office National Fraud Initiative Report December 2022
- National Fraud Initiative Code of Data Matching Data Matching Practice (2018).