

The Audit Commission's National Fraud Initiative

AUDIT COMMITTEE

Date: 22nd September 2009

Author: Head of Internal Audit

Wards Affected: None

Purpose

To inform Members of the Council's participation in the Audit Commission's National Fraud Initiative (NFI) and to update them on the current position with regard to resulting investigations/savings.

Recommendation

- It is recommended that the contents of the report be noted.

1 Reasons

- 1.1 The Council's Audit Committee has a strategic role to ensure that the Council's assurance framework is operating effectively. To this end it should seek assurance that key areas that contribute to this framework are operating properly.
- 1.2 The NFI is a key anti-fraud exercise run by the Audit Commission and the Council's continued participation in this initiative provides a source of assurance to the Audit Committee.

2 Detail

- 2.1 The Audit Commission operates their National Fraud Initiative every two years. It requires local authorities, other public bodies and some private organisations to submit various data sets that are then matched.
- 2.2 The Council submitted the following data sets:
 - Payroll
 - Housing Benefits
 - Student Loans
 - Market Traders
 - Taxi Licences
 - Insurance Claimants
 - Housing Rents
 - Alcohol Licences
 - Creditors
- 2.3 The Council's Internal Audit section co-ordinates the uploading of the data sets to a secure Audit Commission website.

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- 2.4 The Council are also required to ensure that 'fair processing notices' are issued for all relevant data sets issued. This ensures that the Council complies with the requirements of the Data Protection Act.
- 2.5 The Council's key contact, the Head of Internal Audit, is provided with access to a database that details all the 'hits' relevant to the Council following the data matching exercise.
- 2.6 The latest NFI exercise resulted in 9,796 hits. The majority of these (7,839) relate to creditor related matches.
- 2.7 Internal Audit co-ordinate the investigation of these matches. The key contact is able to give relevant officers access to specific areas of the database i.e. the Housing Benefit Fraud Manager has access to all the Housing Benefit related hits and carries out these investigations.
- 2.8 In addition to the data sets above the Council also provided details of people claiming Council Tax single person discount and details of the electoral roll. These data sets were matched to identify where a single person discount was being awarded at a property where more than one adult had registered to vote.
- 2.9 The majority of savings to date have come from the matching of Council tax records to the electoral roll. To date 47 frauds have been identified in addition to 56 errors. This has generated £48,000 of ongoing savings.
- 2.10 Appendix 1 sets out the progress to date in investigating the matches.

Alternative Options

Not Applicable

Risk Management

Financial and Procurement Implications

There are no direct financial implications arising from this report however individual audit reports address the suitability of internal controls within the systems examined.

Legal/Human Rights Implications

Internal Audit is a statutory requirement of the Accounts and Audit Regulations 2006. The Internal Audit service also provides assurance to the Director of Finance regarding the requirements of Section 151 of the Local Government Act 1972.

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Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

Internal Control, Audit Committee and the Statement on Internal Control all feature significantly in the CPA Use of Resources Assessment. Effective systems of internal control within the Council will help to ensure that the objectives set out in the Corporate Plan and Swindon 2010 are achieved.

Consultees

The Director of Finance (Section 151 Officer) and the Director of Law and Democratic Services (Monitoring Officer) are consulted on all reports.

Appendices / Background papers

Appendix 1 – Progress with investigating NFI matches.

Key Decision/Decision in Forward Plan

Not Applicable