

## Audit & Governance Committee – 21<sup>st</sup> October 2019

### National Fraud Initiative Progress Update



Report of the Chief Finance Officer (s151 Officer)

Ward(s) affected: All

#### 1. Purpose of Report

- 1.1 To provide an overview of the National Fraud Initiative (NFI) and the approach taken on the outcomes of the yearly and two-yearly matching exercises.

#### 2. Recommendations

- 2.1 Members note the progress made in this financial year.

#### 3. Report

- 3.1 As a Council we are required by law to protect the public funds that we administer. We may share information that we are given with other organisations responsible for auditing or administering public funds, in order to prevent and detect fraud.
- 3.2 The NFI is a national data matching exercise completed by the Cabinet Office and undertaken by various public bodies and private sector organisations. Participation is compulsory for some organisations including local authorities and a charge is made (£2,100 for Craven in 2018/19 / 2019/20 figure not yet available).
- 3.3 As part of the NFI exercises, Craven are obligated to designate two roles to Officers of the Council. The table below shows the roles and the Officers assigned to each;

NFI Role	Designated Officer
Senior Responsible Officer	Chief Finance Officer
Key Contact	Accountancy Services Manager

- 3.4 The matching exercise involves two main processes, annual and biennial data extracts from the various databases held by the Council's departments. Below is a table to show the departments that are required to provide the data and the frequency of the extract.

Dataset	Department	Frequency / (match publication)
Creditors History	Finance	Biennial (Feb 19)
Creditors Standing	Finance	Biennial (Feb 19)
Council Tax Reduction Scheme	Revenues & Benefits	Biennial (Feb 19)
Personal Alcohol licence	Licensing	Biennial (Feb 19)
Payroll	Finance	Biennial (Feb 19)
Resident Parking Permits	Business Support/Car Parking	Biennial (Feb 19)
Taxi Drivers	Licensing	Biennial (Feb 19)
Housing Waiting List	Housing	Biennial (Feb 19)
Single Person Discount	Revenues & Benefits	Annual (Feb 19)
Electoral Register	Elections	Annual (Feb 19)

- 3.5 Data is extracted from local authority records and matched both within and between organisations, including councils, the police, hospitals and some private companies in an attempt to identify potentially fraudulent claims, errors and overpayments. Where a match is found it indicates that there is an inconsistency that requires further investigation. The matches that have been investigated together with the value of fraud/error identified are recorded and marked as closed.
- 3.6 Craven's approach to the NFI was the subject of an Internal Audit Report submitted to Audit and Governance Committee on 20th June 2017 which attained a 'good' level of assurance.
- 3.7 As a result of the Internal Audit Report there were some recommendations made as to how the approach of the authority, to the NFI matching exercise, may be improved.
- 3.8 Appendix A shows the updates to the outstanding recommendations as at the 1<sup>st</sup> October 2019. Appendix A also shows the number of outstanding matches for each area where there is a match exercise.
- 3.9 The Outstanding matches are reported to CLT as part of the Value for Money clinics held on a quarterly basis. Officers responsible for investigating the outcomes are assigned to the matches within their service area. An additional £5,889 has now been identified as recoverable, as a result of changes following the review of single person discount matches.

#### **4. Financial and Value for Money Implications**

None arising as a consequence of the report.

5. **Legal Implications**

It is a statutory requirement for the Council to protect the public funds that it administers. Participation in the exercise is compulsory and not doing may result in sanctions against the Council.

6. **Contribution to Council Priorities**

Financial sustainability through appropriate procedures and practices.

7. **Risk Management**

None

8. **Equality Impact Analysis**

The Council's Equality Impact Analysis Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

9. **Consultations with Others**

None

10. **Background Documents**

None

11. **Appendices**

Appendix A – Actions and Indicators for NFI 2019-20

12. **Author of the Report**

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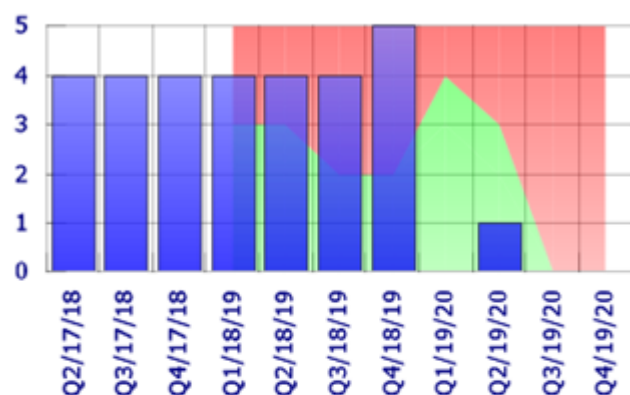
*Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.*

**NFI - Actions and Indicators 2019/20****1. NFI Audit Report - outstanding recommendations**

Service Area	Actions	Milestones	Update			Updated by	Date
Financial Management	IA 19/20 319 A report on NFI results should be presented to CLT and the Audit Committee, including progress on data match reviews	C7 08 - Oct 2017	<p>The number of outstanding matches is included in the performance reports that are presented to the quarterly Value for Money Clinics. A summary report has been drafted and is due to be sent to CLT this month to raise the profile of the NFI exercise and demonstrate its significance to the Council. Officers will be encouraged to increase the priority of actioning outstanding matches to minimise potential lost revenue.</p> <p>An updated version will then be submitted to the next Audit &amp; Governance Committee.</p> <p>Both reports will include updates narratives, the number of matches still outstanding and the costs associated with having to undertake the mandatory exercises imposed by the NFI.</p>		Amber	JH	01/10/19
Financial Management	IA 19/20 315 Each system owner should review the data specification and where data is not captured; make arrangements to collect in preparation for the next exercise, so long as this is not too onerous	C7 08 - Oct 2017	<p>Last year it was agreed with the audit service manager that the target date for this should be amended to July 2019.</p> <p>NFI 'uncaptured' data has now been ascertained and steps taken to capture the data. For some datasets the 'missing' data is not reasonable to collect e.g. The Parking Permits dataset suggests capturing the National Insurance numbers of resident applicants but as there is no relation between the two it is considered that customers would be sceptical about providing the information.</p>		Amber	JH	01/10/19

**2. Indicators**

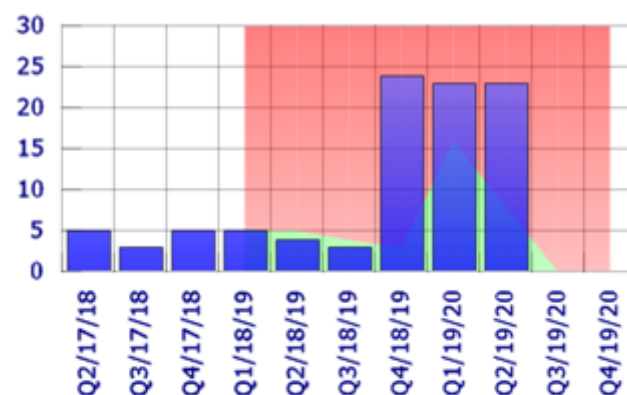
**EH 20.Q - Housing Services - Number of NFI matches outstanding (housing waiting list) (Q)**



Service - Environmental Services & Housing  
Service Area - Housing  
Collector - James Hordern  
Indicator Type - Financial  
Data Format - Number - No Decimal Places  
Polarity - Low  
2017/18 Annual Target - No target set  
2018/19 Annual Target - 2  
2019/20 Annual Target - 0

Quarter	Value	Target
Q2/17/18	4	
Q3/17/18	4	
Q4/17/18	4	
Q1/18/19	4	3
Q2/18/19	4	3
Q3/18/19	4	2
Q4/18/19	5	2
Q1/19/20	0	3
Q2/19/20	1	2
Q3/19/20		0
Q4/19/20		0

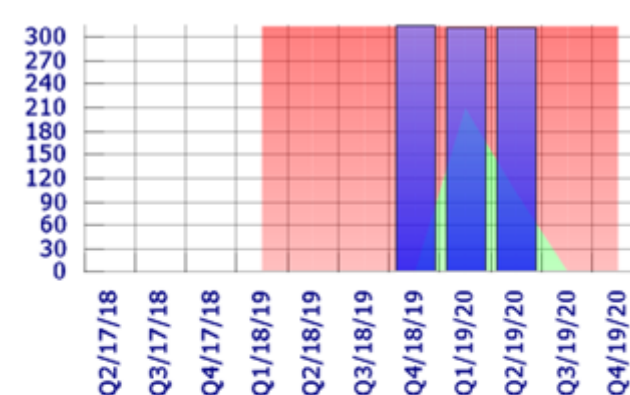
**FM 20.Q - Financial Management - Number of NFI matches outstanding (payroll) (Q)**



Service - Financial Services  
Service Area - Financial Management  
Collector - James Hordern  
Indicator Type - Financial  
Data Format - Number - No Decimal Places  
Polarity - Low  
2017/18 Annual Target - No target set  
2018/19 Annual Target - 2  
2019/20 Annual Target - 0

Quarter	Value	Target
Q2/17/18	5	
Q3/17/18	3	
Q4/17/18	5	
Q1/18/19	5	4
Q2/18/19	4	4
Q3/18/19	3	3
Q4/18/19	24	2
Q1/19/20	23	16
Q2/19/20	23	8
Q3/19/20		0
Q4/19/20		0

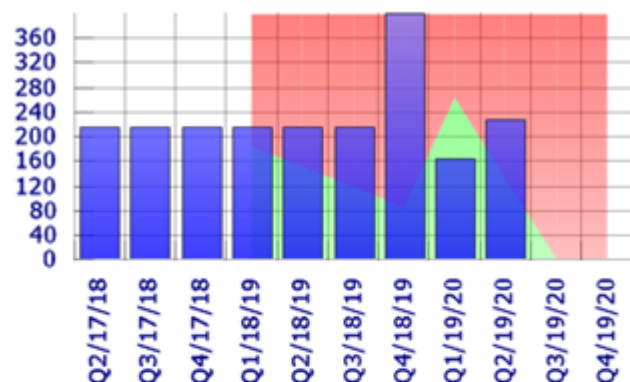
**FM 22.Q - Financial Management - Number of NFI matches outstanding (creditors) (Q)**



Service - Financial Services  
Service Area - Financial Management  
Collector - James Hordern  
Indicator Type - Financial  
Data Format - Number - No Decimal Places  
Polarity - Low  
2017/18 Annual Target - No target set  
2018/19 Annual Target - 0  
2019/20 Annual Target - 0

Quarter	Value	Target
Q2/17/18	1	
Q3/17/18	1	
Q4/17/18	1	
Q1/18/19	1	1
Q2/18/19	1	1
Q3/18/19	1	1
Q4/18/19	313	0
Q1/19/20	312	209
Q2/19/20	312	104
Q3/19/20		0
Q4/19/20		0

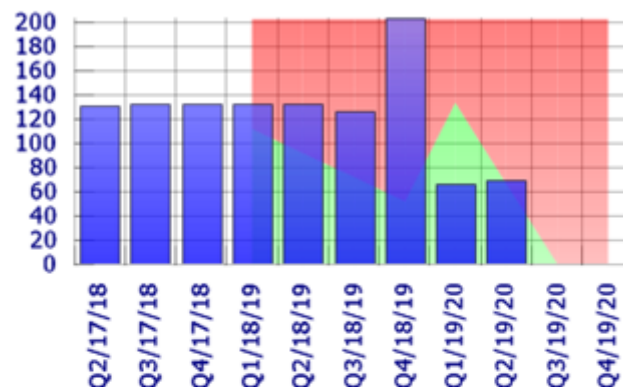
**FR 20.Q - Revenues & Benefits - Number of NFI matches outstanding (council tax reduction scheme) (Q)**



Service - Financial Services  
 Service Area - Revenues & Benefits  
 Collector - James Hordern  
 Indicator Type - Financial  
 Data Format - Number - No Decimal Places  
 Polarity - Low  
 2017/18 Annual Target - No target set  
 2018/19 Annual Target - 87  
 2019/20 Annual Target - 0

Quarter	Value	Target	
Q2/17/18	217		
Q3/17/18	217		
Q4/17/18	217		
Q1/18/19	217	184	
Q2/18/19	217	152	
Q3/18/19	217	119	
Q4/18/19	398	87	
Q1/19/20	165	265	
Q2/19/20	227	133	
Q3/19/20		0	
Q4/19/20		0	

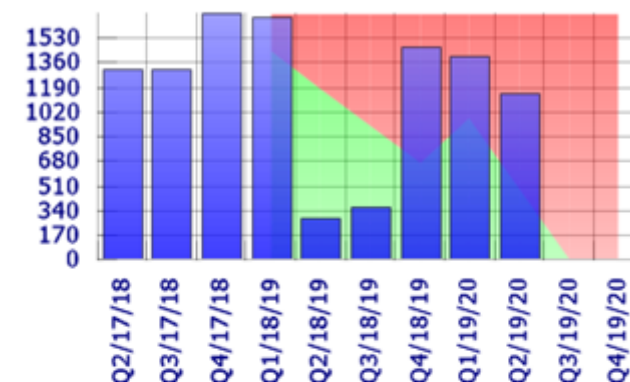
**FR 21.Q - Revenues & Benefits - Number of NFI matches outstanding (housing benefit) (Q)**



Service - Financial Services  
 Service Area - Revenues & Benefits  
 Collector - James Hordern  
 Indicator Type - Financial  
 Data Format - Number - No Decimal Places  
 Polarity - Low  
 2017/18 Annual Target - No target set  
 2018/19 Annual Target - 53  
 2019/20 Annual Target - 0

Quarter	Value	Target	
Q2/17/18	131		
Q3/17/18	133		
Q4/17/18	133		
Q1/18/19	133	113	
Q2/18/19	133	93	
Q3/18/19	127	73	
Q4/18/19	203	53	
Q1/19/20	67	135	
Q2/19/20	70	68	
Q3/19/20		0	
Q4/19/20		0	

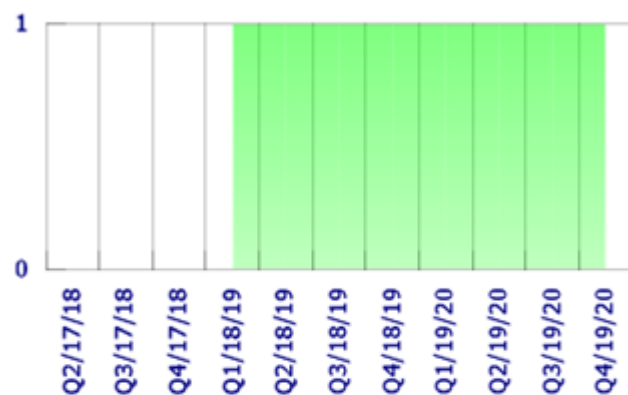
**FR 22.Q - Revenues & Benefits - Number of NFI matches outstanding (single person discount) (Q)**



Service - Financial Services  
 Service Area - Revenues & Benefits  
 Collector - James Hordern  
 Indicator Type - Financial  
 Data Format - Number - No Decimal Places  
 Polarity - Low  
 2017/18 Annual Target - No target set  
 2018/19 Annual Target - 677  
 2019/20 Annual Target - 0

Quarter	Value	Target	
Q2/17/18	1,309		
Q3/17/18	1,309		
Q4/17/18	1,692		
Q1/18/19	1,673	1,438	
Q2/18/19	293	1,184	
Q3/18/19	362	931	
Q4/18/19	1,472	677	
Q1/19/20	1,404	981	
Q2/19/20	1,144	491	
Q3/19/20		0	
Q4/19/20		0	

**IC 20.Q - Parking Services - Number of NFI matches outstanding (Q)**



Service - ICT, Assets & Commercial Services

Service Area - Parking Services

Collector - James Hordern

Indicator Type - Financial







Data Format - Number - No Decimal Places

Polarity - Low

2017/18 Annual Target - No target set

2018/19 Annual Target - 0

2019/20 Annual Target - 0

Quarter	Value	Target
Q2/17/18	0	
Q3/17/18	0	
Q4/17/18	0	
Q1/18/19	0	0 
Q2/18/19	0	0 
Q3/18/19	0	0 
Q4/18/19	0	0 
Q1/19/20	0	0 
Q2/19/20	0	0 
Q3/19/20		0
Q4/19/20		0