

Subject: National Fraud Initiative 2006 **Status:** For publication

Report to: Overview and Scrutiny Audit **Date:** 8th November 2006
Task Group

Report of:

**Portfolio
Holder:**

Key Decision: NO/YES (Please highlight)

Forward Plan General Exception Special Urgency "X" In
Relevant Box

1. PURPOSE OF REPORT

1.1 To provide an overview of the National Fraud Initiative (NFI) exercise to be undertaken by the internal audit service in 2006/07.

2. CORPORATE PRIORITIES

2.1 The matters discussed in this report are linked to and support the following corporate priorities:

- This forms part of the drive towards continual procedural improvements within the Council

3. RISK ASSESSMENT IMPLICATIONS

3.1 There are no specific risk issues for members to consider arising from this report.

4. BACKGROUND AND OPTIONS

4.1 Internal Audit works closely with the Authority's external auditor, the Audit Commission, to support its work wherever possible. We therefore support the Audit Commission's work proactively to identify potentially fraudulent transactions, known as the National Fraud Initiative (NFI), operated every two years.

4.2 The NFI is a data matching exercise, akin to the computer assisted audit techniques now employed within the Audit Service. It is designed to help

participating bodies to detect fraudulent and erroneous payments. It began in 1996 and is run every two years. The testing relevant to Rossendale Borough Council is primarily directed towards reducing the level of housing benefit, but testing also addresses other areas. The 2004 NFI exercise identified and made total savings of £23,732 for Rossendale Borough Council.

4.3 The Audit Commission has designated the NFI to be part of the statutory external audit and authorities are legally obliged to provide the relevant data.

4.4 Further information about the process and the response required from Rossendale Borough Council is set out in Appendix 'A'.

5. COMMENTS OF THE HEAD OF FINANCIAL SERVICES

5.1 The new financial management system includes a report which provides much of the data required for this initiative.

6. COMMENTS OF THE HEAD OF LEGAL AND DEMOCRATIC SERVICES

6.1 There are no specific legal implications arising from this Report.

7. COMMENTS OF THE HEAD OF HUMAN RESOURCES

7.1 There are no specific comments.

8. CONCLUSION

8.1 This exercise makes a positive contribution towards the detection of fraud.

9. RECOMMENDATION(S)

9.1 The Committee is invited to consider the report.

10. CONSULTATION CARRIED OUT

10.1

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| Background Papers | |
|---|---------------------------------|
| Document | Place of Inspection |
| National Fraud Initiative 2006/07 Handbook: Local Government | Neil Leadbetter 01772 534906 |

