

# **Performance Management Overview and Scrutiny Committee Report: National Fraud Initiative**

08 November 2006

## **National Fraud Initiative**

## **APPENDIX A**

### **1.0 Background**

- 1.1 This exercise is carried out every two years under the direction of the Audit Commission.
- 1.2 There is a statutory requirement that Rossendale Borough Council downloads its creditors' payment history and standing data, along with payroll data, as at a certain date (usually mid October). This is then sent off to a central point and the data matched to other local authorities and agencies.
- 1.3 Housing Benefit is collected, on the Authority's behalf from the Department for Work and Pensions (DWP).
- 1.4 As the Authority's housing stock has transferred to a housing association, housing rents data is not needed for the 2006 exercise. However, the Audit Commission are considering including housing associations in future.
- 1.5 The data matches – which suggest that there are anomalies worth investigating more closely – are then received back in the following January for internal audit to follow up.
- 1.6 Other data sets may also be requested from District Councils (i.e. insurance claims, market trader licences and taxi driver licenses). These areas reflect a range of risks reported by local authorities. The submission of this data is optional, but Rossendale Borough Council is participating in all three areas as part of the 2006 exercise.

### **2.0 Sequence of events**

- 2.1 In advance of the NFI exercise, usually in May of the relevant year, the Audit Commission sets out the timetable of events.
- 2.2 Authorities are required to submit certain returns by set dates, i.e.
  - (i) key contacts
  - (ii) data protection return
- 2.3 In advance of downloading data, consultation procedures need to be carried out with the relevant staff associations / unions. Details of the NFI exercise are included in employees' payslip notification.

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- 2.4 At least six weeks before the "data downloading" date, key contacts within the Authority are informed of the NFI exercise, to establish exactly what information is to be included and to set in motion the payslip notification process.
- 2.5 At the same time, the ICT team is informed of the technical requirements of the NFI exercise in order to make the necessary arrangements.
- 2.6 Data is downloaded on the specified date and passed to internal audit for onward transmission by a set date.
- 2.7 The following January, data is received back for internal audit to follow up, either directly, or in conjunction with the relevant service managers.

### **3.0 Audit Investigation**

- 3.1 The core of NFI is the matching of data to help reduce the level of fraud by bringing together data from local authorities, NHS bodies, government departments and other agencies, to detect a wide range of frauds against the public sector. These include housing benefit fraud, occupational pension fraud and tenancy fraud. Therefore for Rossendale Borough Council, the high priority prints are likely to be those which relate to current RBC housing benefit claimants.
- 3.2 For pensions, the audit exercise is performed by Lancashire County Council as Rossendale Borough Council's pensions are administered by Lancashire Pensions Authority.
- 3.3 Other reports produced include the following, each classified by the Audit Commission according to priority:
  - Payroll to payroll (within RBC) i.e. RBC staff with two posts;
  - Pensions to payroll (within RBC) i.e. on pension and RBC salary;
  - Payroll to payroll i.e. RBC full time post and post elsewhere outside RBC, or vice versa; and
  - Payroll to Asylum Seekers.
- 3.4 Depending on the merits of individual cases, consideration is given to referring cases to the Police for further investigation. In less serious cases, attempts are made to recover overpayments by the relevant service.
- 3.5 Periodically, the Audit Commission require the completion of returns on cases investigated and frauds/ overpayments identified, the last being the 31 December of the year following the downloading of data.
- 3.6 Resources are also needed to respond to requests from other authorities.