

**1.0 Background**

- 1.1 This exercise is carried out every two years under the direction of the Audit Commission. The 2008/09 exercise is due to commence in June 2008.
- 1.2 There is a statutory requirement that Rossendale Borough Council (RBC) 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 data from other local authorities and agencies.
- 1.3 During 2007 RBC was involved in following up matches as part of the 2006/07 exercise. In addition to this the Audit Commission decided to extend the mandatory data submissions to include Council Tax and the electoral register for every local authority. Therefore there are now two separate exercises which run concurrently.
- 1.4 Housing Benefit is collected, on the Authority's behalf from the Department for Work and Pensions (DWP). As the Authority's housing stock has transferred to a housing association, housing rents data is not needed for this 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 including insurance claims, market trader licences and taxi driver licenses were previously optional however submission of these data sets is now a mandatory requirement for local authorities. An additional category relating to 'personal licence to supply alcohol' has now been introduced by the Audit Commission for 2008/09. These areas reflect a range of risks reported by local authorities.
- 1.7 This latest exercise will involve matching Council Tax data to the electoral register and other datasets scrutinizing areas such as, single person discounts and second home discounts. The details of all council tax payers were provided to the Audit Commission for matching purposes in October 2007.
- 1.8 RBC decided not to submit electoral roll data to the Audit Commission in October 2007 following guidance from the Council of Electoral Registrars. Discussions on the submission of electoral roll data are currently ongoing and RBC are awaiting further information from the Audit Commission on the submission of the electoral roll data and the potential implications for non submission.

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**2.0 Sequence of events**

- 2.1 In advance of the NFI exercise, usually in June 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. At least six weeks before the "data downloading" date, the Payroll Manager is informed of the NFI exercise, to establish exactly what information is to be included and set in motion the payslip notification process. Similarly, the finance team are contacted regarding the creditors data.
- 2.4 At the same time, the ICT team is informed of the technical requirements of the NFI exercise in order to make the necessary arrangements.
- 2.5 Previously data was downloaded on the specified date and passed to internal audit for onward transmission by a set date. However, due to the problems experienced by some agencies during 2007 when data was lost, which received widespread publicity, the data will now be uploaded automatically to the Audit Commission secure website for the 2008/09 exercise.
- 2.6 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 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

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- Payroll to Asylum Seekers.
- 3.3 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.
- 3.4 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.
- 3.5 Resources are also needed to respond to requests from other authorities.