

Agenda Item No.6

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE MEETING

14 February 2018

**Report of the Director of Finance & ICT, Director of Legal Services and
Assistant Director of Finance (Audit)**

NATIONAL FRAUD INITIATIVE

1. Purpose of Report

To inform Members of the Council's progress in scrutinizing the data matches arising from participation in the National Fraud Initiative (NFI) 2016-17.

2. Information and Analysis

The National Fraud Initiative (NFI) is managed by the Cabinet Office and matches electronic data within and between public and private sector organizations for the purposes of the prevention and detection of crime. Participating organizations include police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies.

In order to ensure the NFI is a transparent process both Members and staff were notified of the Council's participation in the initiative by Fair Processing Notices which were included in the September 2016 payslips. Pensioners were also notified of the NFI exercise by a similar inclusion in March 2017. The results of the matching exercise arising from the Authority's data being submitted to the Cabinet Office in October 2016 were made available to individual, participating organizations from 26 January 2017.

Audit Services act as the central coordinator for the Council's NFI data matching exercise ensuring that the data matches provided by the Cabinet Office are investigated, and liaises with Departments within the Council and other external organisations as necessary.

The 2016-2017 NFI data matching exercise resulted in forty-two distinct reports being made available for investigation. At 1 January 2018 Audit Services have continued to manage the investigation and closed twenty-five of the forty-two reports originally released. The NFI exercise thus far has resulted in the investigation of 8,913 individual records culminating in the identification of 1,249 errors totalling £112,868. Analysis of the instances where investigation has resulted in a financial outcome are detailed below. The outstanding seventeen

reports are currently under investigation and the outcome will be reported in due course.

Report Title	Number of Records Investigated	Number of Errors Identified	Value (£)
Pensions/ to DWP* Deceased Records	329	81	32,793
Private Residential Care Homes to DWP Deceased Records	178	5	38,357
Duplicate Records by Amount and Creditor Reference	1,051	5	20,777
VAT Calculation Errors	352	135	10,948
Duplicate Records by Name, Invoice Number and Amount but different Creditor Reference Number	30	2	4,573
Duplicate Records by Invoice Number and Amount but different Creditor Reference and Name	610	3	4,250
Duplicate Records by Postcode, Invoice Date and Amount but different Creditor Reference and Invoice Number	40	1	1,170
Remaining 18 closed reports	6,323	1,017	0
Total	8,913	1,249	112,868

*Department of Work and Pensions

Work is underway to recover the errors with the exception of a total sum of £53.14 which relates to four overpayments to deceased pensioners where there is no survivor's pension from which to claim the overpayment.

3. Financial Considerations

The cost of the Council's participation in NFI 2016-17 remained at £3,750 and the exercise is a significant contribution to the Authority's responsibility for the prevention and detection of fraud.

4. Legal Considerations

The Serious Crime Act 2007 gave the Audit Commission statutory powers to conduct data matching exercises by inserting provisions into the Audit Commission Act 1998. The legislation required the Commission to prepare a code of practice to govern its data matching exercises, and consult with the Information Commissioner and others before approving and laying it before Parliament. The code of data matching practice was published and laid before Parliament on 21 July 2008. It replaced the previous code published by the Commission in 2006.

From 1 April 2015, responsibility for NFI passed from the Audit Commission to the Cabinet Office. Future NFI exercises use the powers given to the Minister for the Cabinet Office by Part 6 of the Local Audit and Accountability Act 2014. The existing code of data matching will continue in effect until the Minister for the Cabinet Office issues a new code.

5. HR and Equalities Considerations

The Audit Commission advised authorities to inform Members, staff and pensioners of the requirement to participate in such exercises. Members, staff and pensioners have been notified by means of a fair processing notice included in pay slips. Trade Unions are also consulted through CJC.

The Council has ensured that the principles of the Data Protection Act 1998 are observed in providing the data for this exercise, and takes every precaution to ensure that data submitted is accurate and up to date.

6. Other Considerations

In preparing this report the relevance of the following factors has been considered: prevention of crime and disorder, environmental, health, social value, property and transport considerations.

7. Background Papers

Files held by the Assistant Director of Finance (Audit).

8. Officers' Recommendation

That the Audit Committee notes progress made by the Council in respect of the NFI 2016-17 exercise.

Peter Handford
Director of Finance & ICT

John McElvaney
Director of Legal Services

Carl Hardman
**Assistant Director of
Finance (Audit)**