

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE MEETING

21 July 2016

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

NATIONAL FRAUD INITIATIVE

1. Purpose of Report

To inform Members of the receipt of the request from the Cabinet Office for the Council's participation in NFI 2016-17.

2. Information and Analysis

The National Fraud Initiative (NFI) is coordinated by the Cabinet Office and matches electronic data within and between public and private sector bodies to prevent and detect fraud. These bodies include government departments, national agencies, health authorities, police authorities, local probation boards, fire and rescue authorities as well as local councils and a number of private sector bodies. For nearly two decades the NFI has enabled participants to detect fraud, overpayment and error totaling £1.17 billion according to the latest available information.

Following a consultation which ran from 10 March to 16 May 2016 no changes to the work programme proposed by the Cabinet Office were required for NFI 2016-17. The Council has now received the Cabinet Office's formal request to participate in NFI 2016-17 and relevant data must be submitted on 10 October 2016; results of this exercise will be available from 26 January 2017.

The Council is required to submit the following datasets to the Cabinet Office:-

- payroll;
- pensions;
- insurance claims;
- private supported care home residents;
- transport passes and blue badge permits;
- trade creditors history;
- trade creditors standing data;
- personal budgets (direct payments)

A detailed data specification of the information required for each of the above datasets has been provided.

Audit Services is the central coordinator for the data matches received from the Cabinet Office and ensures matches are investigated, liaising as required

with Departments within the Council and other authorities. Audit Services also maintains the web based application provided by the Cabinet Office which tracks progress on matches reported.

As in previous years Reports will be brought to future meetings of the Audit Committee to provide Members with updates on progress regarding NFI 2016-17.

3. Financial Considerations

The cost of NFI 2016-17 to the Council will be £3,750 and remains unchanged from the previous exercise. The Council has benefited from the savings derived from the NFI, which is a significant contribution to its responsibility for the prevention and detection of fraud. In addition, for pensions, NFI has replaced the life certificate process for those pensioners living in the UK, thereby providing administrative savings for the Council, improving the detection of irregularities and providing further assurance regarding the integrity of the Council's processes.

4. Legal Considerations

The Data Protection Act 1998 requires NFI participants to inform individuals that their data will be processed. Providing this information is known as a fair processing notice. A Code of Data Matching Practice has been published to help ensure that the NFI and everyone involved in associated data matching exercises comply with the law, especially the provisions of the Data Protection Act 1998. It also promotes good practice in data matching.

The Minister for the Cabinet Office uses powers conferred by Part 6 and schedule 9 of the Local Audit and Accountability Act 2014 to undertake the NFI. Under this legislation the Cabinet Office may:-

- carry out data matching exercises for the purpose of assisting in the prevention and detection of fraud;
- require certain bodies to provide data for data matching exercises;
- accept data submissions on a voluntary basis;
- prescribe a scale or scales of fees for mandatory data matching exercises;
- charge a fee for voluntary data matching exercises; and
- must consult mandatory participants and relevant stakeholders before prescribing the mandatory scale or scales of fees.

5. HR and Equalities Considerations

Data subjects will be informed that their data is being used to prevent or detect fraud as part of NFI. This will be achieved by the inclusion of a fair processing notice within pensioners' payslips and the Pensioners Annual Report. Members and staff will continue to be notified of the exercise by means of a fair processing notice included in payslips.

Work is currently underway to verify that other data subjects, including trade creditors and recipients of direct payments are informed of the process on relevant application forms or master data documents used when initially creating a new data subject record.

The Council has ensured that the principles of the Data Protection Act are observed in providing the data used for this exercise, and takes every precaution to ensure that the 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, property and transport considerations.

7. Officers' Recommendation

That the Committee note the Council's participation in NFI 2016-17 and the associated arrangements made.

Peter Handford
Director of Finance

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Director of Legal Services

Carl Hardman
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(Audit)