

DERBYSHIRE COUNTY COUNCIL**AUDIT COMMITTEE MEETING****27 March 2019****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) 2018-19.

2. Information and Analysis

The Cabinet Office are responsible for organising and co-ordinating the NFI process. NFI is a national data matching exercise which has enabled participating organisations to prevent and detect instances of fraud and error totalling in excess of £300 million between April 2016 and March 2018. This is a record for NFI in any reporting period and brings cumulative outcomes to a total value of £1.69 billion since the inception of NFI in 1996.

Approximately 1,200 participating organisations from both the public and private sectors provide data for the NFI which currently takes place every two years. The data matching process includes comparison of data sets including payroll and benefit records against other records held by the same or another body in order to establish a match. Where such matches arise these instances are investigated in order to identify potential fraudulent or erroneous claims and payments.

In order to inform both Members, staff and pensioners of the Council's participation in the NFI exercise fair processing notices were included in the pay slips for September 2018. Pensioners were notified of NFI by the inclusion of a pay slip message in May 2018. The results of the matching exercise arising from the Authority's data being submitted to the Cabinet Office in October 2018 were made available from 31 January 2019.

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.

The initial 2018-19 NFI data matching return for the Council identified a total of 6,174 matches over 22 separate reports which include matching of the Council's

data in respect of pensions, payroll, blue badge, concessionary travel, accounts payable, personal budgets and private residential care homes records with that of other participants' data, including housing benefits claimants and Department for Work and Pensions deceased persons.

3. Financial Considerations

The cost of participation in NFI 2018-19 to the Council has 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

NFI exercises use the powers given to the Minister for the Cabinet Office by Part 6 of the Local Audit and Accountability Act 2014 to conduct data matching exercises to assist in the prevention and detection of fraud.

5. HR and Equalities Considerations

The Audit Commission advises 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 and by the publication of an NFI Privacy Notice on the Council's website. Trade Unions are also consulted through CJC.

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

The NFI does not require the consent of the individuals concerned under current data protection legislation.

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. Background Papers

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

8. Officers' Recommendation

That the Audit Committee note progress made by the Council in respect of the NFI 2018-19 exercise.

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