

DERBYSHIRE COUNTY COUNCIL

AUDIT COMMITTEE MEETING

28 March 2017

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

2. Information and Analysis

The NFI is a data matching exercise which is now co-ordinated by the Cabinet Office which replaced the Audit Commission following its closure on 31 March 2015. The NFI matches data provided by approximately 1,300 organizations from across the public and private sectors. The data is cross matched and also compared to key data provided by other participants, including government departments. The NFI also works with public audit agencies in all parts of the United Kingdom to assist in the prevention and detection of crime. The matching of data held by participants assists in identifying potentially fraudulent claims, errors and overpayments and currently takes place every two years.

The Cabinet Office's scheme identified and prevented fraud, overpayments and errors amounting to £198 million in England from April 2014 to March 2016. Since its implementation in 1996 the NFI has enabled participants to detect fraud, overpayments and errors totalling £1.39 billion.

In order to inform both Members and staff of the Council's participation in the NFI exercise fair processing notices were included in the pay slips for September 2016. Pensioners were notified of NFI by the inclusion of a pay slip message 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 from 26 January 2017.

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 2016-17 data matching return for the Council identified a total of 26,664 matches over 40 separate reports which include matching of the Council's data in respect of pensions, payroll, blue badge, concessionary travel, accounts payable, personal budgets, private residential care homes and insurance records with that of other participants' data including housing benefits claimants and Department for Work and Pensions deceased pensioners.

3. Financial Considerations

The cost of participation in NFI 2016-17 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

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 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 note progress made by the Council in respect of the NFI 2016-17 exercise.

Peter Handford
Director of Finance

John McElvaney
Director of Legal Services

Carl Hardman
Assistant Director of Finance (Audit)