



Nottinghamshire
County Council

Report to Audit Committee

30 November 2011

Agenda Item: 6

REPORT OF SERVICE DIRECTOR, FINANCIAL SERVICES

NATIONAL FRAUD INITIATIVE 2010/11

Purpose of the Report

1. To update Members on the results to date of the Audit Commission's data matching exercise, the National Fraud Initiative 2010/11 (NFI 2010/11).

Information and Advice

2. The Audit Commission carries out a data matching exercise throughout the country, on a two yearly basis, to help public sector organisations detect fraudulent and erroneous payments. The main purpose of the exercise is to match data from a range of organisations to help reduce the level of fraud in key areas, including housing benefit, pensions, tenancy fraud and supplier management.
3. The NFI 2010/11 required the County Council to submit payroll data relating to both employees and pensioners to the Audit Commission. This data was matched against other authorities' payroll and housing benefit data, against the Department of Work and Pensions (DWP) deceased persons data, and against Home Office immigration records.
4. Data was required on the payments to creditors for the period April 2007 to October 2010, which was analysed for duplicate payments, duplicate supplier records and incorrect payments of VAT. An exercise was carried out on potential matches of staff details and supplier details to examine the possibility of any conflicts of interest for employees of the Authority.
5. Data in respect of Blue Badge Parking Permits and payments to private residential care homes was compared with DWP deceased persons data, and details of insurance claims were analysed to identify potential duplicate or serial claimants.

RESULTS OF NFI 2010/11

6. No frauds or errors were found from the examination of pension and payroll payments.
7. A number of matches have prompted contact with the UK Border Agency regarding the investigation of employees' rights to work in the UK. Dates of expiry of the right to remain and work in the UK have been identified and are being used by officers to monitor employments. One employee without the right to work in the UK was arrested and their employment terminated.
8. As part of previous NFI exercises extensive work was carried out in examining potential duplicate creditor payments. The recent appointment of an external company, to examine all

creditor payments and identify potential duplicates, has removed the benefits of examining the NFI matches and so this work has not been performed for the current exercise.

9. Information from the DWP concerning deceased persons has identified 22 Blue Badge Parking permits that will be monitored to ensure that they are not renewed.
10. The matching of payments to providers of private residential care to DWP deceased persons data has identified 15 errors, four of which have resulted in overpayments. Recovery of £9,695 has been instigated.
11. The NFI exercise is ongoing and analysis has still to be made of certain pensions and payroll matches. If, on completion of the examination of data matches, there are any further matters of significance, these will be highlighted to the Committee in a subsequent report.

Other Options Considered

12. This report is for information and noting only.

Reason/s for Recommendation/s

13. To provide an update for Members on the outcomes of the NFI 2010/11

Statutory and Policy Implications

14. This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

- 1) That Members note the report.

Paul Simpson
Service Director (Finance)

For any enquiries about this report please contact:

John Bailey
Head of Internal Audit

Constitutional Comments (KK 8/11/11)

15. This report is for noting only.

Financial Comments (JMB 3/11/11)

16. Minimising losses through fraud and error is important. The National Fraud Initiative provides a tool which allows a large volume of data to be cross-matched so that potential fraud and error can be identified and investigated. Although the sums recovered are relatively modest they are important in emphasising that fraud and error will not be tolerated.

Background Papers

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972:

None

Electoral Division(s) and Member(s) Affected

All