APPENDIX C

National Fraud Initiative Update

1. The NFI compares different data sets provided nationally by local authorities and partner organisations. CCC social care data, for example, is compared with data from other local authorities to identify cases such as any individuals who are deceased or receiving services from more than one authority. This enables some errors to be highlighted, as well as potentially fraudulent transactions. Where a match is found it may mean that further investigation is required to establish any error or fraud and actions required.

2. The current exercise commenced in September 2020 when data was supplied for matching purposes by all relevant parties, including CCC. The matched output was released by the NFI in January 2021. The total amount of matches for CCC is 8629 across 31 reports which have a high or medium risk rating.

3. The list of data sets provided for matching purposes included:

   - LGPS (Local Government Pension Scheme);
   - Payroll;
   - Creditors;
   - Concessionary travel;
   - Residential parking;
   - VAT;
   - Blue badges; and
   - Procurement.

4. The NFI protocol requires Councils to record outcomes from the matches and place a monetary value where possible to reflect any overpayment or savings arising from the correction of the records. Sometimes this is an actual monetary saving, for instance where a pension overpayment is calculated, and sometimes this can be an estimated saving for instance where a blue badge is cancelled the NFI apply a notional saving figure of £575 per badge.

5. Due to the confidential nature of some of the matches the Senior Auditor will review all matches for Payroll and Procurement throughout the year. For Payroll this will include liaising with HR Advisory Services, Education Personnel Management (EPM) and contacting other local authorities. For Procurement this will include reviewing information on Companies House, the internet and liaising with the HR Advisory Service. There are officers at CCC that investigate matches for Blue Badge Parking Permits, Concessionary Travel, Creditors, Pensions, Residential Parking Permits and VAT.

6. The Creditors reports include high amounts of matches. In line with the approach taken previously for these, a sample is selected by the Senior Auditor and sent through to Account Payable for investigation. This approach was taken on the basis that the Accounts Payable Team have a fiscal report which is run daily and will identify any potential duplicate payments for investigation.

7. The matched data is contained within a secure website portal and access is granted to selected officers from each relevant service so that they can examine their own particular output and evaluate each match for the likelihood of fraud or error.

8. The NFI has its own inbuilt risk assessment system used as a guideline to prioritise those matches which need attention. Together with match type explanations, these help officers determine the order for investigation when coupled together with the local knowledge of the Council's data systems and services. Each match type is subjected to a preliminary assessment by the Services and the high rated risk matches are reviewed first. There are extremely large volumes of matches received and consequently the risk rating allocated by the NFI is essential in helping to prioritise the workload. It must also be noted these are data set matches and not fraud referrals and therefore outcomes are likely to include errors and overpayments as well as mismatches. Errors may include overpayments and whilst these give rise to potential for recovery of monies, they are not evidence of fraud. A fraud is defined as a matter subject to criminal proceedings or disciplinary hearings.

9. Details of the number of matches processed to date by Internal Audit and supported by service area contacts across the Council are provided in Table 1. Progress is dependent on priority needs and resource availability in the individual service areas but is subject to ongoing monitoring and review by the Internal Audit team. Information from customers for example Pensions is requested from next of kin of the individuals concerned which understandably takes time to write out and respond to.

Table 1: Progress to date (August 2021)

Match type	Number of high and medium risk matches	Progress to date on all matches (where checks have been completed and closed)	Outcomes to date
Blue Badge Parking Permit	1134	222 closed	7 badges have been cancelled giving a Cabinet Office estimated saving of £4,025.00. All of the 1134 matches have been reviewed by the Service and will be added to the NFI portal.
Concessionary Travel	1772	56 closed	26 currently being investigated by the service. No errors or issues identified in the 56 closed.
Creditors	4930	0 closed	Samples are being tested by the service area.
Payroll	122	105 closed	No errors identified in the 105 closed, the remaining 17 are being investigated by Internal Audit.
Pensions	553	242 closed	Overpayments totalling £63,440.03 has already been identified and being recovered to date. This sum relates

			to pension payments made to a deceased person and the Pension Team Leader (West Northamptonshire) is progressing these cases. These errors are un-notified date of death and are ongoing due to the process taken by the service to contact next of kin and verification.
Residential Parking Permits	6	0 closed	These are being investigated by the Service.
VAT	46	0 closed	These have been investigated by the service and need to be updated on the NFI portal.
Procurement	66	9 closed	No errors or issues identified in the 9 closed, the remaining 57 are being investigated by Internal Audit.
Total	8629	634 of the high/medium matches closed	£63,440.03 overpayments identified and being recovered £4,025.00 in notional savings.