

To: Audit, Risk and Scrutiny Board

On: 14 November 2022

Report by: Chief Auditor

Heading: Audit Scotland Report – The National Fraud Initiative 2020/2021

1. Summary

- 1.1 Audit Scotland's report on the National Fraud Initiative (NFI) 2020/21 was published in August 2022 and is attached at Appendix 1.
- 1.2 The report highlights that Scottish public bodies have recorded outcome of £14.9 million arising from the 2020/21 exercise. Cumulative outcomes from NFI since 2006/07 in Scotland have risen to £158.5 million and £2.4 billion across the UK. The NFI outcome figures include amounts for fraud and error detected as well as an estimate for those future losses that have been prevented.
- 1.3 Renfrewshire Council's approach and outcomes for the 2020/21 exercise and how this compares to the 2018/19 exercise is attached at Appendix 2. Our self-assessment of our arrangements in preparation for the 2022/23 exercise is also included within appendix 2.
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2. Recommendations

- 2.1 It is recommended that the Audit, Risk and Scrutiny Board:
- note the report from Audit Scotland, and

- note Renfrewshire Council's current arrangements, outcomes and self-assessment to support the 2022/2023 NFI exercise.
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3. **Background**

- 3.1 The NFI aims to detect and prevent fraud and error through a national data matching exercise across public bodies carried out the Cabinet Office and overseen, in Scotland, by Audit Scotland, with the aim of identifying instances of possible fraud or error. Overpayments that are identified through the initiative allow public bodies to take appropriate action to recover the money.
- 3.2 The initiative, which is co-ordinated in this council by internal audit, operates biennially with the data downloaded and electronically matched in year one and the results issued, investigated and reported in year two. In relation to this report data was downloaded from our systems in September 2020 and uploaded onto the secure NFI web portal in October 2020, to be matched against other council data or other participant data.
- 3.3 The Audit Scotland report highlights 3 recommendations for councils to consider in relation to counter fraud activities and their response to the National Fraud Initiative. These are summarised below along with the current arrangements in Renfrewshire Council and any identified improvement actions:

1. Maximise the benefits

All participants in the NFI exercise should ensure that they maximise the benefits of their participation. They should consider whether it is possible to work more efficiently on the NFI matches by reviewing the guidance section within the NFI secure web application.

The Chief Auditor co-ordinates the NFI exercise in Renfrewshire Council. All officers involved in the submission of the data sets and investigation of matches are provided with guidance, including being made aware of the guidance section of the NFI web application.

2. Self-appraisal

The NFI self-appraisal checklist should be reviewed by the audit committee, or equivalent, and staff leading the NFI process. This is to ensure that their organisation's planning, approach, and progress during the next NFI exercise is appropriate.

The Chief Auditor reviews the NFI self-appraisal checklist as part of the planning arrangements for each NFI exercise. The result of the appraisal are included in section 5 of the report summarising the council's arrangements and outcomes attached as Appendix 2 of this report, No identified improvements in approach are considered necessary.

3. Take improvement action

Where local auditors have identified specific areas for improvement, participants should act on these as soon as possible.

No specific areas of improvement in relation to the councils NFI

- 3.4 The Council's has made financial savings of £410,735 as a result of investigative work on the 2020/2021 NFI matches and a further future estimated savings of £1,640,731 have also been noted. Non-financial outcomes relate to 9 housing properties being recovered, 92 housing applications being amended or cancelled and 207 blue badges being cancelled.

Implications of the Report

1. **Financial** - The Council has in place arrangements to recover the any financial overpayments payments identified through the National Fraud Initiative.
2. **HR & Organisational Development** - None
3. **Community Planning –**
Wealthier and fairer – The National Fraud Initiative (NFI) exercises make a significant contribution to the security of public sector finances by confirming that services are provided to the correct people and by eliminating fraud and error
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None

7. **Equality & Human Rights** - None
8. **Health & Safety** - None
9. **Procurement** - None
10. **Risk** – Priority is given to investigating matches with a higher risk of fraud and error.
11. **Privacy Impact** – There is a requirement to take best reasonable attempts to notify people of the NFI exercise as part of the preparation for the exercise. This requirement has been complied with.
12. **Cosla Policy Position** – None
13. **Climate Risk** - None

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The National Fraud Initiative in Scotland 2022



 **AUDIT SCOTLAND**

Prepared by Audit Scotland
August 2022

Key messages

The National Fraud Initiative (NFI) is a counter-fraud exercise which aims to prevent and detect fraud. The exercise operates across the UK public sector and includes 132 public bodies in Scotland. The NFI shares and matches data held by public bodies and helps confirm that services and payments are provided to the correct people. See [Appendix 1](#) for more information about the NFI exercise.

- 1 The 2020/21 NFI exercise has identified **outcomes** valued at £14.9 million ([see page 4](#)).
- 2 The cumulative outcomes from the NFI in Scotland since 2006/07 are now £158.5 million. Across the UK, the cumulative total of NFI outcomes are now £2.4 billion ([see page 4](#)).
- 3 The overall level of fraud identified by the NFI has fallen since our last report. Outcomes from the Scottish NFI exercise fell by £0.4 million in 2020/21, from £15.3 million in 2018/19. The reduction in outcomes could be due to less fraud and error in the system, strong internal controls or due to some key data sets from previous exercises not being included in the latest exercise ([see page 4](#)).
- 4 Data sharing enables matches to be made between bodies and across national borders. Data submitted by Scottish bodies for the 2020/21 NFI exercise helped other organisations in Scotland and across the UK to identify outcomes of £1.2 million ([see page 17](#)).
- 5 Most bodies that participate in the NFI continue to demonstrate a strong commitment to counter fraud and the NFI ([see page 18–19](#)). However, a lower percentage of participating public bodies managed their roles in the 2020/21 NFI exercise satisfactorily compared to the 2018/19 NFI exercise.
- 6 Pilot work to look at potential data matches for future NFI exercises identified £2.2 million in incorrect non-domestic rates relief. The pilot work also identified one £25,000 fraudulent Covid-19 grant payment and 1,737 national entitlement travel cards which should have been cancelled ([see pages 20–23](#)).

An NFI **outcome** describes the overall amounts for fraud, overpayments and error that are detected by the NFI exercise as well as an estimate of future losses that it prevents ([see Appendix 3](#)).



Recommendations

1. Maximise the benefits

All participating bodies in the NFI exercise should ensure that they maximise the benefits of their participation. This includes reviewing matches timeously and prioritising high-risk matches.

NFI users should review the guidance within the NFI secure web application, to help ensure the most effective use of limited resources when reviewing and investigating NFI matches.

2. Self-appraisal

The NFI self-appraisal checklist should be reviewed by the audit committee, or equivalent, and staff leading the NFI process. This is to ensure that their organisation's planning, approach, and progress during the next NFI exercise is appropriate.

3. Take improvement action

Where local auditors have identified specific areas for improvement, participating bodies should act on these as soon as possible.

Outcomes from 2020/21 National Fraud Initiative

Trends in overall outcomes between 2018/19 and 2020/21 NFI exercises



The number of public bodies participating in the NFI exercise has increased by eight since the last exercise, to 132 bodies.



Outcomes in Scotland have fallen by £0.4 million since the last exercise, from £15.3 million to £14.9 million.



The number of matches generated has fallen by over 73,000 since the last exercise, to 507,354.

NFI participants include all councils, NHS bodies, colleges and all larger central government bodies, for example, the Scottish Government, Revenue Scotland and Transport Scotland. In addition, 14 councils include data from Arm's-Length External Organisations (ALEOs), joint boards or subsidiaries within their NFI submissions. A list of all participating bodies is available on our [website](#).

Reduced levels of outcomes could be due to less fraud and error in the system, strong internal controls or some key datasets from previous years not being included in the latest exercise. Residential care home data, direct payments and social care customers' data were not matched in the 2020/21 exercise due to a legal question being raised around the definition of patient data. Immigration data was also not included in the 2018/19 and 2020/21 exercises due to restrictions placed on it by the Home Office.

NFI participants have identified pressures on staffing and services particularly because of the Covid-19 pandemic, and the strengthening of controls where previous fraud or error has been identified, as contributing to reduced outcomes in the 2020/21 exercise.

NFI outcomes



£14.9 million

NFI outcomes in Scotland from the 2020/21 exercise



£158.5 million

NFI outcomes cumulatively in Scotland since 2006/07

UK NFI outcomes



£442.6 million

from the 2020/21 exercise

£2.4 billion

cumulatively since 2006/07



4 cases

referred for prosecution in Scotland

Having fewer outcomes provides some assurance there does not appear to be significant problems in the areas covered by the exercise. However, participants still benefit from the deterrent effect the NFI creates.

The fall in the number of matches is mainly due to the matches between housing benefit and payroll or pensions not being included in the matches returned to councils during the 2020/21 NFI exercise. Instead, this data was matched in Department for Work and Pensions (DWP) systems ([see page 11](#)). In addition, the removal of immigration, residential care home, direct payments and social care customers' data has also reduced the number of matches.

Four cases were referred to the Crown Office and Procurator Fiscal Service for prosecution. One resulted in Police Scotland issuing a caution and the offender is now repaying the money. The outcomes from the other three cases are not yet known.

Although the main purpose of the NFI is to ensure funds and services are provided to the correct people, the review of NFI matches may also identify that a customer is entitled to additional services or payments.

A breakdown of the recorded outcomes for Scottish participants is on our [Counter-fraud hub](#).

Results

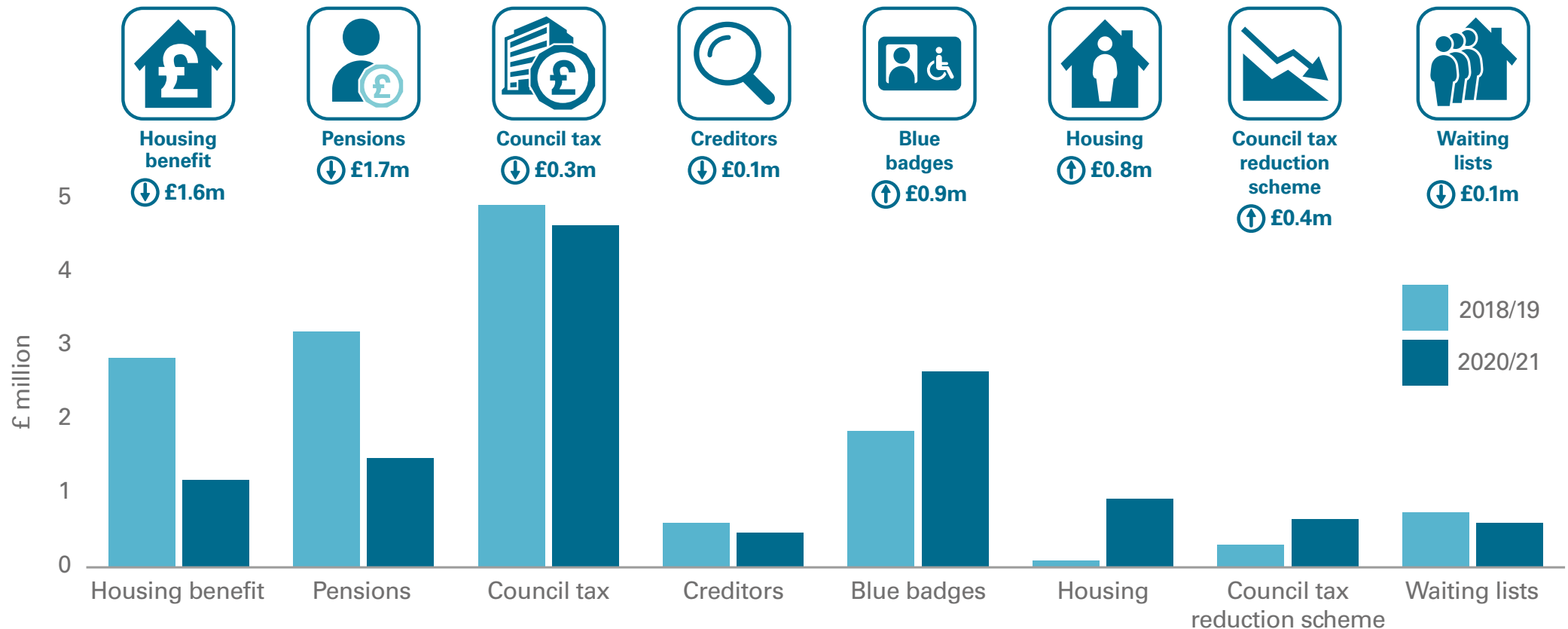
Overall outcomes

How the latest outcomes compare to the last exercise

The areas with significant changes are:



NFI outcomes in Scotland have fallen by £0.4 million, to £14.9 million in the 2020/21 exercise



NFI participants have cited the following reasons as to why outcomes are less in the 2020/21 exercise:

- staff have had less time available to commit to NFI because of the added pressures on services caused by the Covid-19 pandemic
- external agents were used instead of the NFI to carry out certain data matching such as the council tax single occupant discounts
- new controls were introduced because of previous errors identified through the NFI
- a new system was introduced for reporting the death of customers.

More information about the outcomes for each category is provided on [pages 8 to 15](#).

A full breakdown of outcomes for each participating body is available on our [Counter-fraud hub](#).

Once overpayments have been identified, public bodies can take appropriate action to recover the money.



At 31 March 2022

£4.3 million

(95%) of cash overpayments were being recovered

How NFI matches help to identify areas for improvement

The NFI exercise has helped participants to identify system weaknesses and to make improvements. These include the introduction of:

- a more robust control environment in the creditors system. This includes monthly purchase ledger reviews, improved checks on new suppliers, and controls to identify duplicate payments and duplicate suppliers
- revised procedures when setting up new suppliers
- a review and cleansing of data held in systems
- strengthened controls in the blue badge system
- improved controls around the change of bank details
- a review of policies aimed at supporting good governance such as declaring interests, registering of conflicts of interest and checks for identifying potential related parties.



Council tax discounts

People living on their own, or with no countable adults in the household, are eligible for a 25 per cent single person discount (SPD) on their annual council tax bill.

The 2020/21 NFI exercise found that the total council tax discount incorrectly awarded across Scottish councils totalled £4.6 million.

£4.6 million

Total outcomes
in 2020/21 exercise

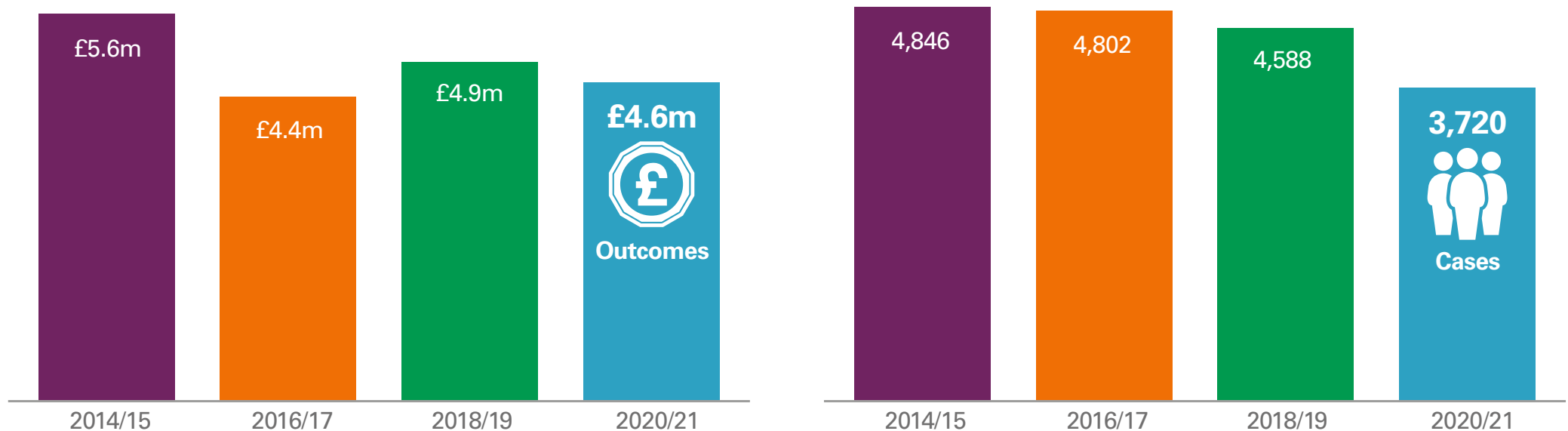
£1,248

Average outcome

3,720

Cases

Four councils reported that they did not use the NFI and instead used alternative data matching or verification arrangements to review SPD cases during 2020/21. The graphs below include outcomes from the other 28 councils.



Council tax data is matched to:



Electoral register



Note. Due to an error with the data deletion schedule in the Cabinet Office, some supporting evidence for 11 councils was inadvertently deleted. Therefore, full supporting documentation is not available for these councils. The Cabinet Office has taken steps to prevent this error from re-occurring.



Blue badges

The blue badge parking scheme allows people with mobility problems to park for free at on-street parking meters, in 'pay and display' bays, in designated blue badge spaces, and on single or double yellow lines in certain circumstances.

The 2020/21 NFI exercise identified 4,616 blue badge outcomes, an increase of 1,401 (44 per cent) since the last exercise. The estimated value of these outcomes is £2.7 million.

£2.7 million

Total outcomes
in 2020/21 exercise

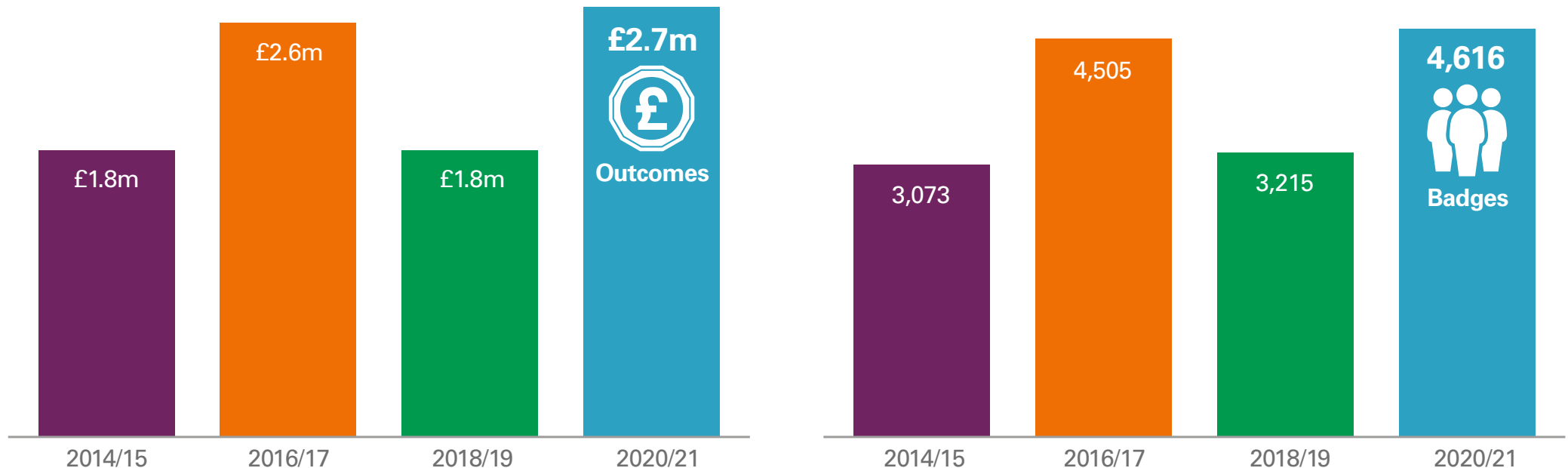
4,616

Total number of blue
badge outcomes in
2018/19 exercise

1,401

Increase from NFI
2018/19 exercise

Blue badges are sometimes used or renewed improperly by people after the badge holder has died. It is an offence for an unauthorised person to use a blue badge.



Blue badge data is matched to:



Deceased
persons



Amberhill
data¹

¹ Amberhill is a system used by the Metropolitan Police to authenticate documents presented for identity



Pensions

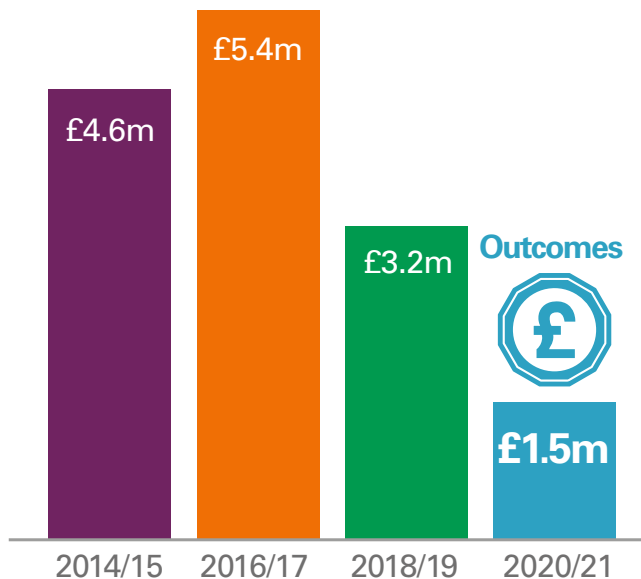
The NFI provides both councils that administer pensions and the Scottish Public Pensions Agency (SPPA) with an efficient and effective way of checking that they are only paying people who are alive.

£1.5 million

Total outcomes in 2020/21 exercise

£1.7 million

Reduction on the 2018/19 NFI exercise



In total, pension outcomes for the 2020/21 NFI exercise are £1.5 million, down £1.7 million (53 per cent) from the 2018/19 NFI exercise. This includes two outcomes identified through the pre-application screening (AppCheck)² part of the NFI system.

Pension outcomes may have fallen due to the 'tell us once'³ reporting process and to controls working effectively within pension bodies.

Pension data is matched to:



Deceased persons



Payroll



Housing benefit



Injury benefits



Amberhill data

Case study



An NFI match identified one fraud with a gross annual pension amount of £10,560 which was stopped and resulted in an overpayment of £6,601. The fraudster had notified Fife Pension Fund of a change of bank details for receipt of the pension after the pensioner had died. The council reported the fraud to Police Scotland which identified the person who submitted the fraudulent bank mandate. Following a police caution, the full amount was repaid. This case was reported as part of a 2020/21 NFI Progress Update to both the council's Standards and Audit Committee and the Superannuation Fund & Pensions Committee in December 2021 for their consideration.

² AppCheck is an NFI data matching service used at point of applications for a service or benefit.

³ 'Tell us once' is a service that lets you report a death to most government organisations when registering the death.



Housing benefit

Housing benefit helps people on low incomes pay their rent. The NFI provides councils and the DWP with the opportunity to identify a wide range of benefit frauds and errors.

£1.2 million

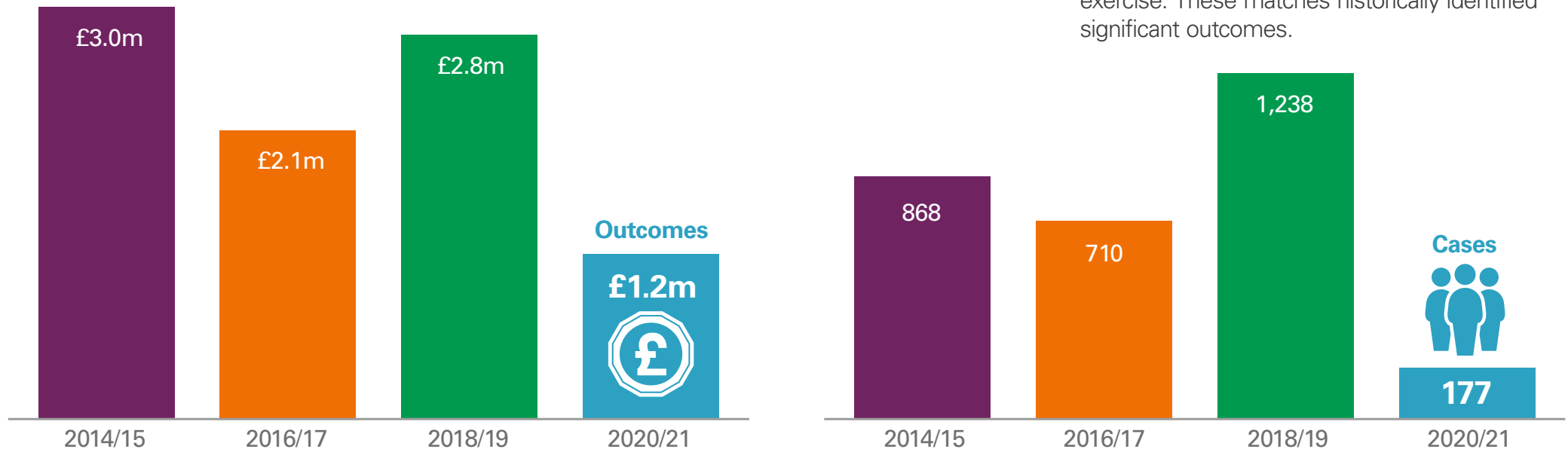
Total outcomes
in 2020/21 exercise

£6,663

Average individual
value of overpayments

177

Cases



The value and number of housing benefit cases recorded with overpayments has significantly reduced, from £2.8 million from 1,238 cases in the 2018/19 NFI, to £1.2 million from 177 cases in the 2020/21 NFI. Over the same period, the average individual value of overpayments has risen from £2,292 in 2018/19 to £6,663 in 2020/21.

The fall in outcomes is mainly due to the matches between housing benefit and payroll or pensions not being included in the 2020/21 NFI exercise. These matches historically identified significant outcomes.

Housing benefit data is matched to:



Student loans



Housing
benefit



Housing
tenants



Right to buy
(in England)



Licences



Deceased
persons



Amberhill
data

These matches were not included in the 2020/21 NFI exercise as similar data matching is undertaken by the DWP's Verify Earnings and Pensions (VEP) Alerts service which identifies discrepancies between payroll and pension details held by HM Revenues & Customs and council benefits services. Alerts from VEP are sent to councils to investigate discrepancies.



Housing tenancy

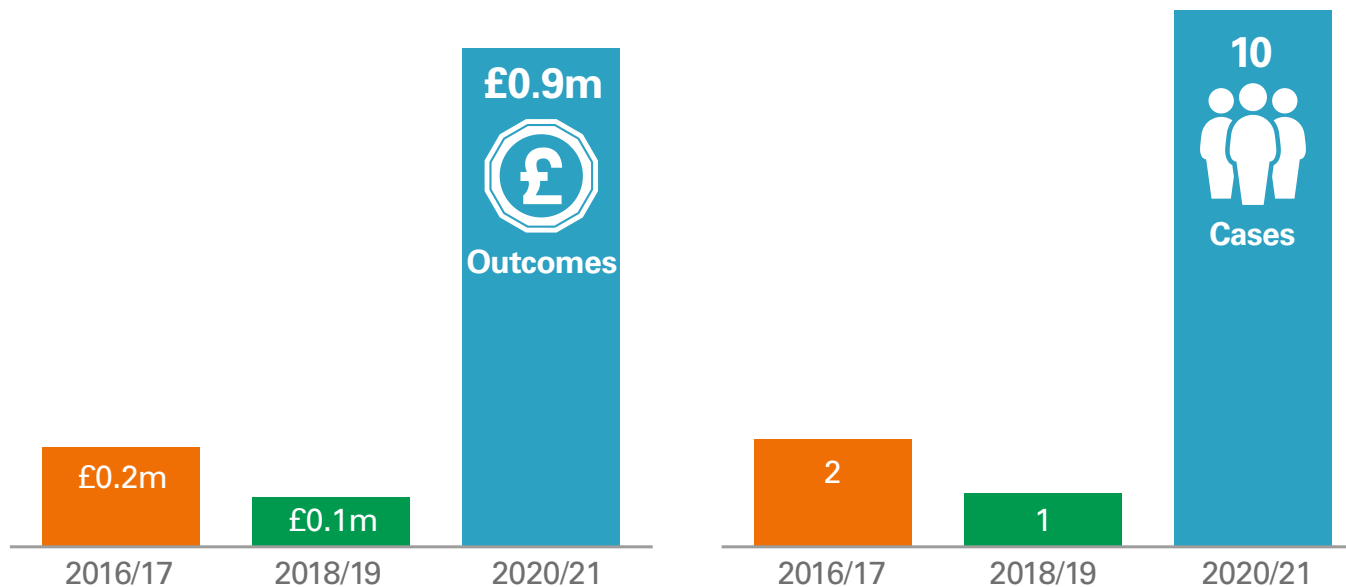
The NFI uses housing tenants' data to identify possible cases of tenancy fraud. This may happen when a tenant has sublet their property. It also helps identify cases where the tenant has died, and the property is either empty or has other individuals living in it.

£0.9 million

Total outcomes in 2020/21 exercise

10

Cases



Housing tenancy data is matched to:



Waiting list



Housing benefit



Housing tenants



Right to buy
(in England)



Deceased
persons



Amberhill data



Council tax
reduction

Case study



An NFI match identified a Midlothian Council tenant who had failed to disclose that they had purchased a property within another council area at the same time they had been allocated a council house. Enquiries established the tenant moved into the owned property ten years ago and sublet their council house to a family member. The council has recovered the property.

NFI matches resulted in councils recovering ten properties as part of the 2020/21 NFI exercise, compared to one property in 2018/19.

The estimated value of these cases is £0.93 million, based on a calculation of the average four-year fraudulent tenancy.



Council tax reduction

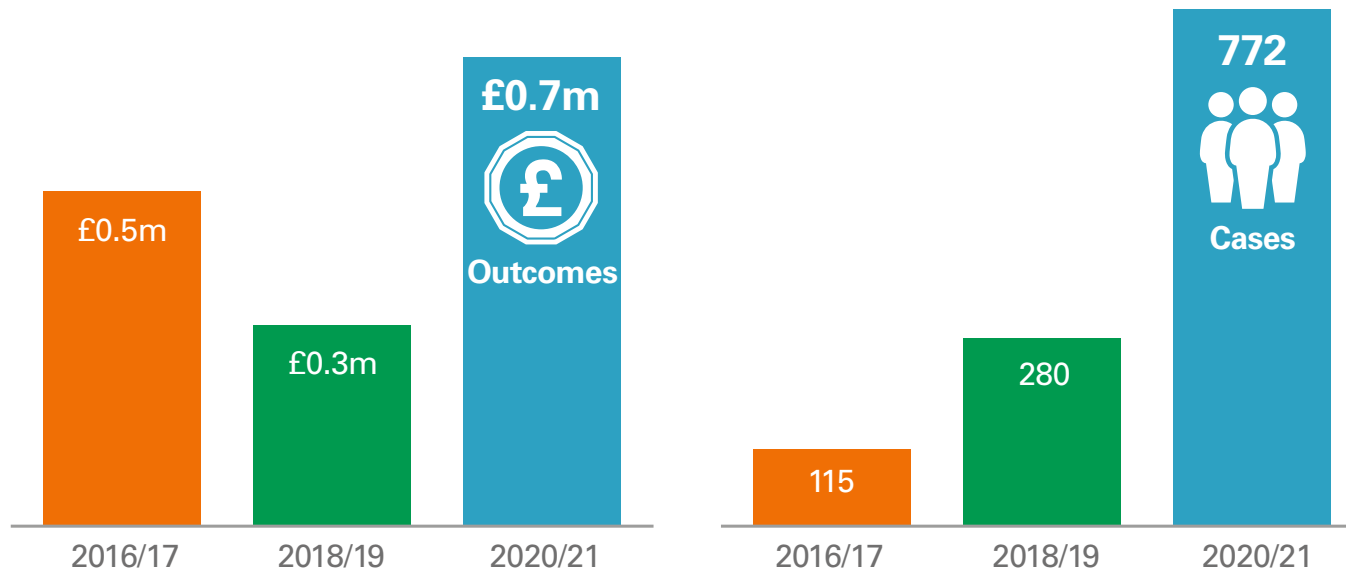
Council tax reduction helps people on low incomes to pay their council tax bills. The NFI provides councils with the opportunity to identify a range of council tax reduction frauds and errors.

£0.7 million

Total outcomes in 2020/21 exercise

772

Cases



Council tax reduction data is matched to:



Council tax reduction



Payroll



Pensions payroll



Housing benefit



Housing tenants



Right to buy (in England)



Licences



Deceased persons



Amberhill data

Case study



An NFI match identified that a council tax reduction claimant in Renfrewshire Council had failed to declare their company pension and pension lump sum. This resulted in the claimant fraudulently receiving £14,450 council tax reduction. This amount is being recovered by the council.

This is a relatively new match which has been included in the NFI since 2016/17.

Outcomes of £0.7 million were identified in the 2020/21 NFI, an increase of £0.4 million from the £0.3 million reported in 2018/19.

Councils have identified 772 cases in 2020/21, more than 2.5 times the number of cases in 2018/19 (280).

One council advised that the increase in outcomes was directly caused by the Covid-19 pandemic. For example, an increase in mortality rates for those with underlying health conditions disproportionately impacted on people in receipt of disability benefits, council tax reduction and blue parking badges. In addition, there was an increase in the number of un-notified increases in the hours worked by those in lower paid service jobs who are more likely to be in receipt of council tax reduction.



Housing waiting lists

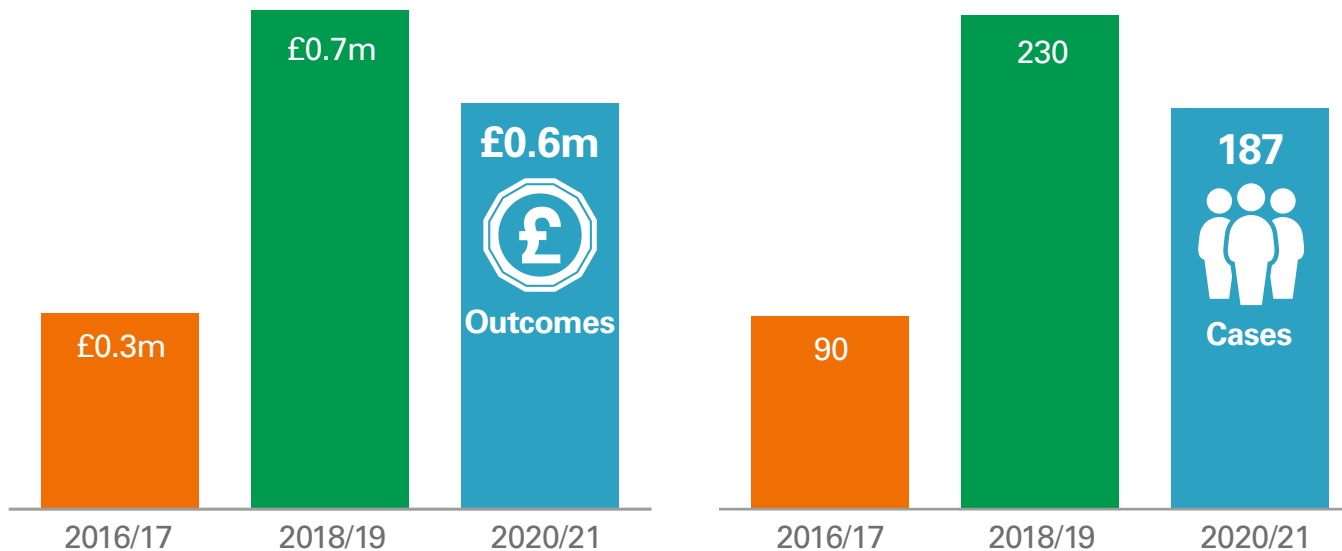
The NFI uses housing waiting list data to identify possible cases of waiting list fraud. This may happen when a person has registered on a council's waiting list but there are possible undisclosed changes in circumstances or false information has been provided. Social housing provides affordable accommodation, allocated according to need. It usually provides a more secure, long-term tenancy when compared to private renting.

£0.6 million

Total outcomes in 2020/21 exercise

187

Cases



Councils identified 187 cases in 2020/21 where applicants were removed from waiting lists (230 in 2018/19).

The estimated value of these cases is £0.6 million. This is based on a calculation of the annual estimated cost of housing a family in temporary accommodation and the likelihood a waiting list applicant would be provided a property ([see Appendix 3](#)).

Housing waiting list data is matched to:



Waiting list



Housing benefit



Housing tenants



Right to buy
(in England)



Deceased
persons



Amberhill data



Creditors

The NFI provides an efficient way to check for duplicate payments and that payments are only made to appropriate creditors. A creditor is a person or an organisation that a public body pays money to for a good or service.

£0.5 million

Total outcomes
in 2020/21 exercise

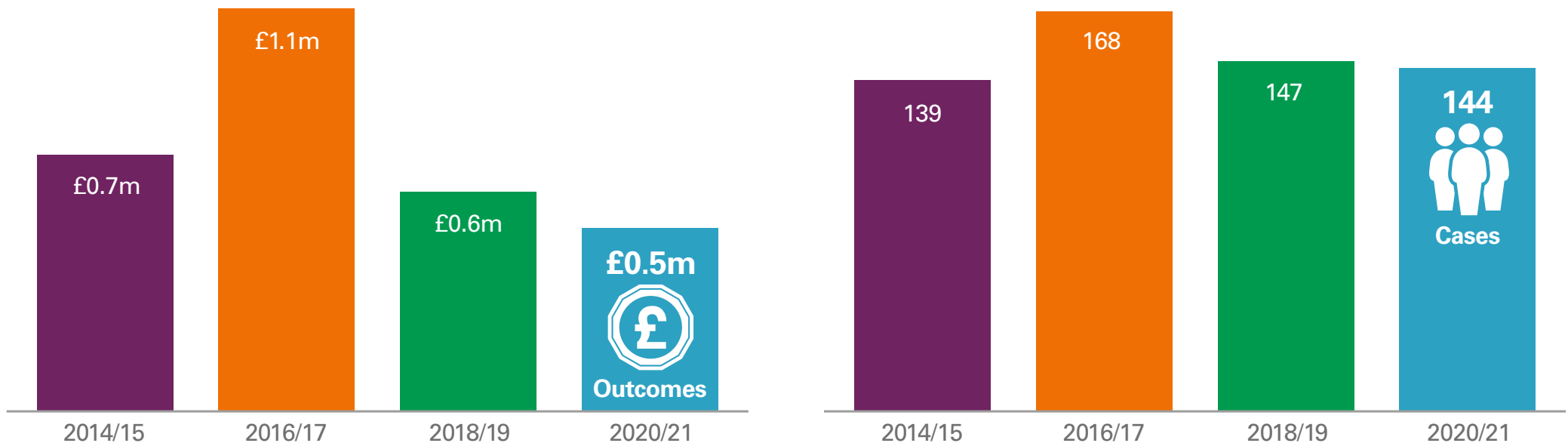
100%

Recovery action
is taking place

144

Cases

The 2020/21 NFI exercise identified 144 creditor outcomes of £0.5 million, a fall of three outcomes and £0.1 million from 2018/19. Recovery action is taking place for these overpayments.



Creditor data is matched to:



Creditor data



Payroll



Other data matches

Payroll

The NFI also matches all participating bodies' employee payroll data as well as those of MSPs and councillors to identify cases of potential payroll fraud. The 2020/21 NFI exercise identified three outcomes valued at £27,000 compared to eight outcomes valued at £20,000 in the 2018/19 exercise.

Past NFI exercises have identified larger outcomes for payroll. This fall in outcomes is partly due to immigration data not being included in the 2020/21 exercise due to restrictions placed on it by the Home Office.

2018/19



eight outcomes valued at

£20,000

2020/21



three outcomes valued at

£27,000

Case study



An NFI match identified an employee who left Fife Council in September 2019 and who continued to be paid their salary until February 2021. The council overpaid a total of £20,288 to the ex-employee. Recovery of the overpayment is in progress and internal audit services have investigated the circumstance surrounding the overpayment. Recommendations for improvements have been discussed with management and an audit on the council's leavers process is part of the 2022/23 Internal Audit Plan. This case was reported as part of a 2020/21 NFI Progress Update to the council's Standards and Audit Committee in December 2021 for consideration.

Case study



New NFI matching of non-domestic rates small business bonus scheme (SBBS) in East Dunbartonshire Council identified a case where a ratepayer had failed to declare other business premises in another council area. This resulted in almost £11,000 in SBBS relief being claimed from April 2018. The case is being referred to the Crown Office and Procurator Fiscal Service for prosecution. We understand this is the first business rates case to be reported for prosecution in Scotland.

Matches benefiting other public bodies

A key benefit of a UK-wide data matching exercise is that it enables matches to be made between bodies and across national borders. For those public bodies taking part in the NFI which may not always identify significant outcomes from their own matches, it is important to appreciate that other bodies and sectors may do so.

Data provided by Scottish participants for the 2020/21 NFI exercise helped other public bodies, both within and outwith Scotland, to identify outcomes worth £1.2 million (a reduction of £0.5 million from 2018/19).

Most of these outcomes relate to housing benefits, housing waiting list and council tax reductions where, for example, payroll data from an NHS board may allow a council to identify a council tax reduction fraud or error.



Councils

£601,591



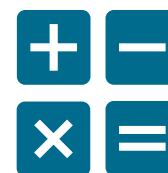
**Central
government**

£483,943



NHS

£100,456



Colleges

£0



Total

£1,185,990

2018/19

£854,760

2018/19

£759,879

2018/19

£120,408

2018/19

£12,672

2018/19

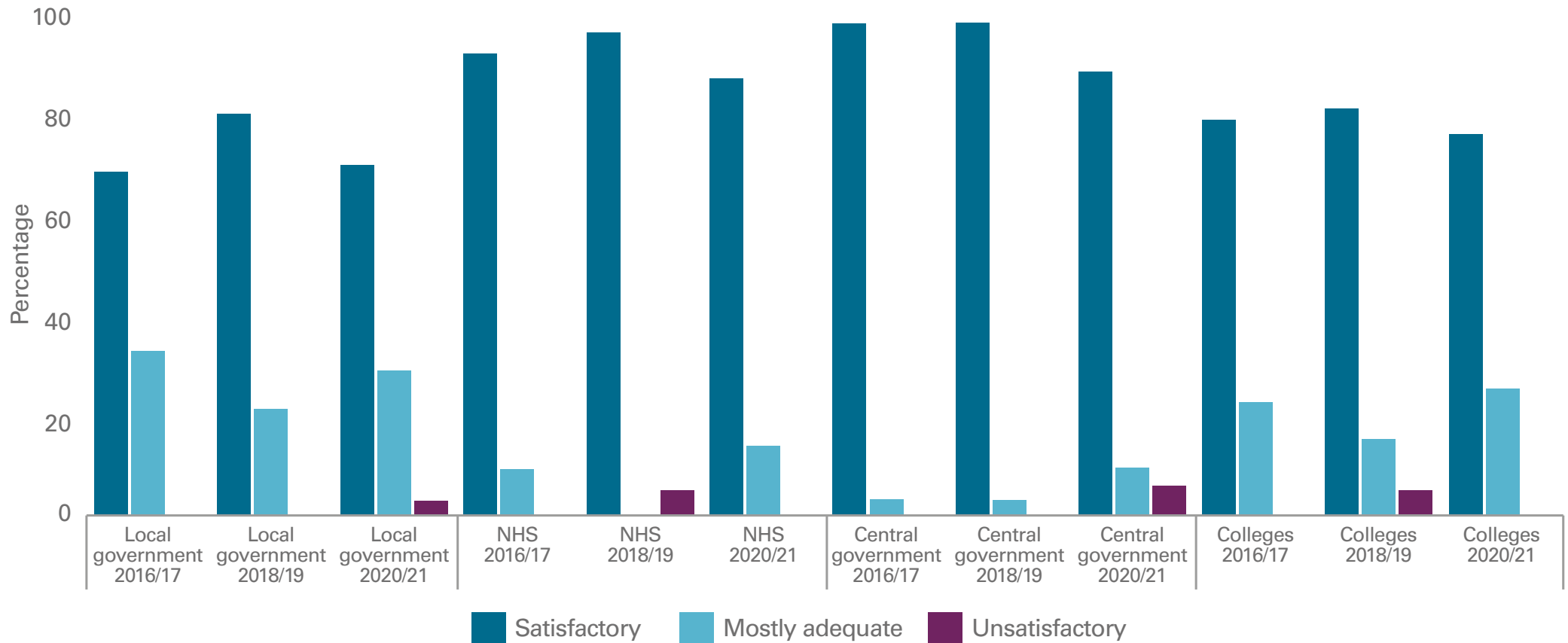
£1,747,719

How bodies worked with the NFI in 2020/21

How bodies work with the NFI

Overall rating of NFI arrangements by year

Auditors reviewed each participating body's planning and progress with the NFI and provided recommendations for improvement where appropriate.



Most participating bodies continue to demonstrate a strong commitment to counter fraud and the NFI. However, across all sectors, a smaller percentage of participating bodies managed their roles in the 2020/21 NFI exercise satisfactorily compared to the 2018/19 NFI exercise.

Auditors identified that some bodies could be more pro-active in their approach to the NFI. One central government body was unable to review matches due to a cyber-attack, one council did not review matches citing resource issues as the reason, and a central government body was unable to action matches due to the impact of reallocating resources to the provision of Covid-19 grant funding to organisations.

Six **key contacts** felt they did not have sufficient time and/or resources to allow them to oversee the NFI exercise. In four bodies, the key contact considered that they lacked sufficient authority to seek action across the relevant departments.

The Covid-19 pandemic created additional pressures for public bodies and impacted upon the resources available to support the NFI exercise. Auditors reported that 15 bodies reduced their participation in the NFI exercise due to resourcing issues including staff vacancies, sickness absences or changing priorities as a result of Covid-19.

We recommend that all bodies use our [checklist](#) to self-appraise their involvement in the NFI before and during the 2022/23 NFI exercise. For the 2020/21 NFI exercise, 64 per cent of bodies completed the checklist, although not all presented it to their audit committee; ten per cent reviewed it but did not complete it; and just over a quarter did not review it. This was reported as being because either the key NFI contact had changed and was unaware of the checklist, staff had prior experience of the NFI process, and Covid-19 pressures.

A **key contact** is appointed by the NFI participating body. They are responsible for coordinating and monitoring the overall NFI exercise, ensuring outcomes from investigations are accurately recorded and nominating appropriate users of the NFI system.



Public bodies usage of our NFI checklist



64% completed the checklist

26% did not review it

10% reviewed it but did not complete it

Pilots help identify the value of extending the NFI exercise

Audit Scotland undertakes new areas of data matching on a pilot basis to test their effectiveness in identifying fraud.

Only pilots which achieve matches that demonstrate a significant level of success are extended nationally and included in the main NFI exercise going forward. A small number of serious incidents of fraud or a larger number of less serious ones may both be considered successful.

The NFI pilots undertaken or under way over the last two years are shown on the following pages.

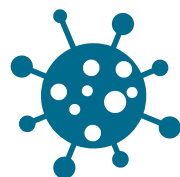
Exemptions for NHS dental and ophthalmic charges



Data matching was undertaken to help identify NHS patients who have claimed to be exempt from NHS dental and ophthalmic charges, when they are not entitled. Patient exemption claims were matched to payroll data to ensure that dental and ophthalmic exemptions, eg for glasses or dental treatment, are only awarded to those patients qualifying for exemptions.

NHS Scotland Counter Fraud Services (CFS) received the matches in the second half of 2019. It worked to identify the highest-risk matches and then started verifying payroll details before undertaking investigations. As part of this investigative work, CFS asked dentists and opticians to supply the original exemption claim signed by the patient. However, CFS was unable to progress this part of the investigation due to dentists, opticians and the CFS being required to close down due to Covid-19 lockdown restrictions. CFS then decided not to use the matches as originally intended but instead use them as intelligence, for example, as an alert if the same people claim again. CFS considered it not worthwhile re-doing the pilot in 2021 as there were very few exemptions claimed between April to December 2020. This was due to opticians and dentists initially being closed and then only able to do emergency treatment which was free of charge. CFS intends to re-run the exercise after new payroll data goes into NFI in autumn 2022.

Covid-19 grants for businesses



Following a Covid-19 grants data matching pilot exercise in England in the summer of 2020, it was decided to expand the English pilot to cover Covid-19 business grants paid to Scottish businesses.

These grants were paid under the Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLGF). Scottish councils submitted data from early in 2021. Initial matches were released in April 2021, however, match numbers were low. The Scottish schemes were more complex than similar schemes in other parts of the UK, eg in respect to second and subsequent properties held by each ratepayer. As a result, the algorithms were rechecked and additional matching was undertaken.

Additional matches were released in September 2021. Despite the data having been rematched, only one fraudulent grant payment of £25,000 was identified. Due to Covid-19 grant payments having stopped, it is not expected that this matching will be required again. However, the systems are in place should the matching be required for any similar grants or payments in the future.



Only one fraudulent grant payment of £25,000 was identified

Additional counter-fraud measures introduced by NFI participants in respect of Covid-19 grant funding



Auditors identified that around 43 per cent of NFI participating bodies awarded Covid-19 funding during the pandemic.

Almost three-quarters of these bodies introduced additional counter-fraud measures such as new internal controls. This included actively working through national networks, such as the Scottish Local Authority Investigators Group, the Institute of Revenues Rating and Valuation, the National Anti-Fraud Network, and with Police Scotland as well as strengthening internal controls. This resulted in, for example, Dundee City Council preventing 143 attempted fraudulent applications valued at £381,500 from being paid in 2020/21. It also resulted in Aberdeenshire Council identifying eight fraudulent grants totalling £107,000 plus 14 attempted frauds totalling £151,000. The bodies that did not take additional counter-fraud measures reported these were not necessary as for some, payments were made to existing customers using the existing controls whereas others relied on existing controls around the setting up of new suppliers and associated payments.



Aberdeenshire Council identified eight fraudulent grants totalling £107,000

Non-domestic rates – Small Business Bonus Scheme



In 2019/20, a pilot was undertaken with the Scottish Government and seven Scottish councils to help identify businesses inappropriately claiming Small Business Bonus Scheme (SBBS) relief. The SBBS provides rates relief to owners of non-domestic properties with rateable values under certain thresholds.

The seven participating councils provided 81,827 ratepayer records to the NFI system, which were then matched across the councils and with data from Companies House in order to identify SBBS fraud. The pilot identified £412,974 in incorrect awards.

Due to the success of this pilot, a national roll-out of this data matching exercise was carried out in 2021/22.

The 2021/22 pilot identified 17,676 matches which resulted in £2.2 million in incorrect SBBS relief being identified in 208 SBBS awards. Councils will now try to recover SBBS which was incorrectly awarded. Recovery is already in progress for 119 cases with a value of almost £745,000 in incorrectly awarded relief.

Given the success of the 2021/22 pilot, consideration is now being given as to how this data match can be repeated on a regular basis as part of the main NFI exercise. The pilot report is available on [our website](#).



The pilot identified £412,974 in incorrect awards

National entitlement cards for travel



The National Entitlement Card (NEC) is Scotland's National Smartcard. Supported by the Scottish Government to deliver national and local services, the NEC makes it convenient for people to access various public services and facilities with only one card. The NEC can be used for services such as a travel pass, a library card, a leisure membership card and a Young Scot card as well as providing access to other local services.

In 2021/22, a pilot was undertaken with Fife Council, to match travel passes for elderly and disabled customers with deceased customer records. Fife Council provided a total of 112,044 NEC records for matching against deceased person records. This resulted in 1,737 matches being identified for review by Fife Council (a return rate of 1.6 per cent).

Following Fife Council's review, all 1,737 cards (100 per cent) were cancelled on the NEC system as it was established that the customers had died. This means no further cards can be requested for these customers, and the card will be blocked should someone attempt to use it. No matches were identified where the customer was still alive.

Thirteen matches showed cause for concern as the NECs appeared to have been used after the death of the cardholder. Two of these cards were used for journeys to the value of almost £2,300 for one, and £240 for the other. The value of the journeys for the other 11 cards varied from £3.10 to £69.00.

Given the success of this pilot, consideration will be given as to how this data match can be expanded to other councils in Scotland and included in the main NFI exercise in the future. The pilot report is available on [our website](#).

Case study

A new NFI pilot matching National Entitlement cards in Fife Council against deceased person records identified one card that had been fraudulently used for bus travel valued at almost £2,300 after the cardholder had died. Investigations are continuing into the individual(s) who used this card.



Applications for student awards

A pilot was undertaken with Student Awards Agency Scotland (SAAS) to help confirm residency and address details for students applying for awards for tuition fees, grants and bursaries. SAAS funds students from Scotland and as such it is interested in verifying the address of student applicants and flagging where students are potentially fraudulently misrepresenting their address to benefit from the more attractive financial support offered to Scottish students.

Student applications were matched against data held in the NFI system. An initial batch of 50 applications was processed which SAAS found very helpful in verifying and querying address details. One known fraud was put through the NFI pre-application screening service (AppCheck) to test the system. A match was highlighted, demonstrating the benefit AppCheck can bring in preventing fraud.

SAAS is now looking to expand the pilot to allow the upload of a large batch of applications to the NFI system quickly, securely and easily.



Social security benefits

A pilot is under way with Social Security Scotland to identify any instances where claimants received support but were not residing in Scotland, or where claimants appear to have claimed benefits more than once, eg from more than one Scottish address. Claimant data was matched to data already in the NFI system from across the UK. Data was submitted in March 2022, with matches released to Social Security Scotland in May 2022. Social Security Scotland is currently reviewing the matches.



Police Scotland's use of AppCheck

Police Scotland's Serious and Organised Crime Interventions Team deals with vetting applications, eg for landlord registration and pre-contract procurement check requests from public bodies such as councils and the NHS. These checks aim to prevent and detect fraud within public procurement and other public services such as landlord registration and taxi licencing. Police Scotland is undertaking a pilot to identify if data in the NFI data base can be used to help its vetting processes to prevent and detect fraud. Data has yet to be shared.



A match was highlighted, demonstrating the benefit AppCheck can bring in preventing fraud

Future developments

The 2022/23 NFI exercise is due to start in late summer 2022. Datasets have been reviewed and updated as necessary.

Audit Scotland continues to work with the Cabinet Office in developing new ways to prevent and detect fraud. This includes piloting new data matching opportunities.

[The Scottish Parliament](#) approved [The Digital Government \(Scottish Bodies\) Regulations 2022](#) in March 2022. These Regulations name Audit Scotland under Regulation 3 - 'Scottish bodies for the disclosure of information in relation to fraud against the public sector'. This allows Audit Scotland to access HM Revenue & Customs income and savings data for Scottish residents for future NFI exercises. This will help identify outcomes where customers have received benefits and services above what they are entitled to.

Audit Scotland continues to work with the Scottish Government in promoting and enhancing participation in the NFI across Scotland.

The Scottish Parliament's Public Audit Committee (PAC) is considering the expansion of legislative powers around the NFI. This may include expanding the NFI to bodies in receipt of significant amounts of public funding that do not fall under the audit remit of the Auditor General for Scotland or the Accounts Commission.

[The Cabinet Office](#) recently consulted on extending its legal powers around the purposes for which data matching can be used. It is looking to potentially extend its legal powers in the following areas:

- to assist in the prevention and detection of crime other than fraud
- to assist in the apprehension and prosecution of offenders
- to assist in prevention and detection of errors and inaccuracies. The NFI data could be used to help public-sector bodies to ensure citizens get access to their full benefit entitlements. For example, a number of passported benefits across the welfare system entitle recipients to help with housing costs, free school meals, etc. A match could identify citizens entitled to additional help they are not claiming
- to assist in the recovery of debt owing to public bodies. Public bodies may need to trace individuals with outstanding overdue debt and with no arrangement to pay in place. In some instances, these individuals may be difficult to trace. The NFI data could be used to help identify where a debtor was living or working, for example.

The Cabinet Office is considering the responses and will publish a formal consultation response in due course.

[Section 97 of the Criminal Justice and Licensing Act 2010](#) already permits Audit Scotland to use data matching for the first two purposes. We will monitor developments.

Appendix 1. Background to the NFI

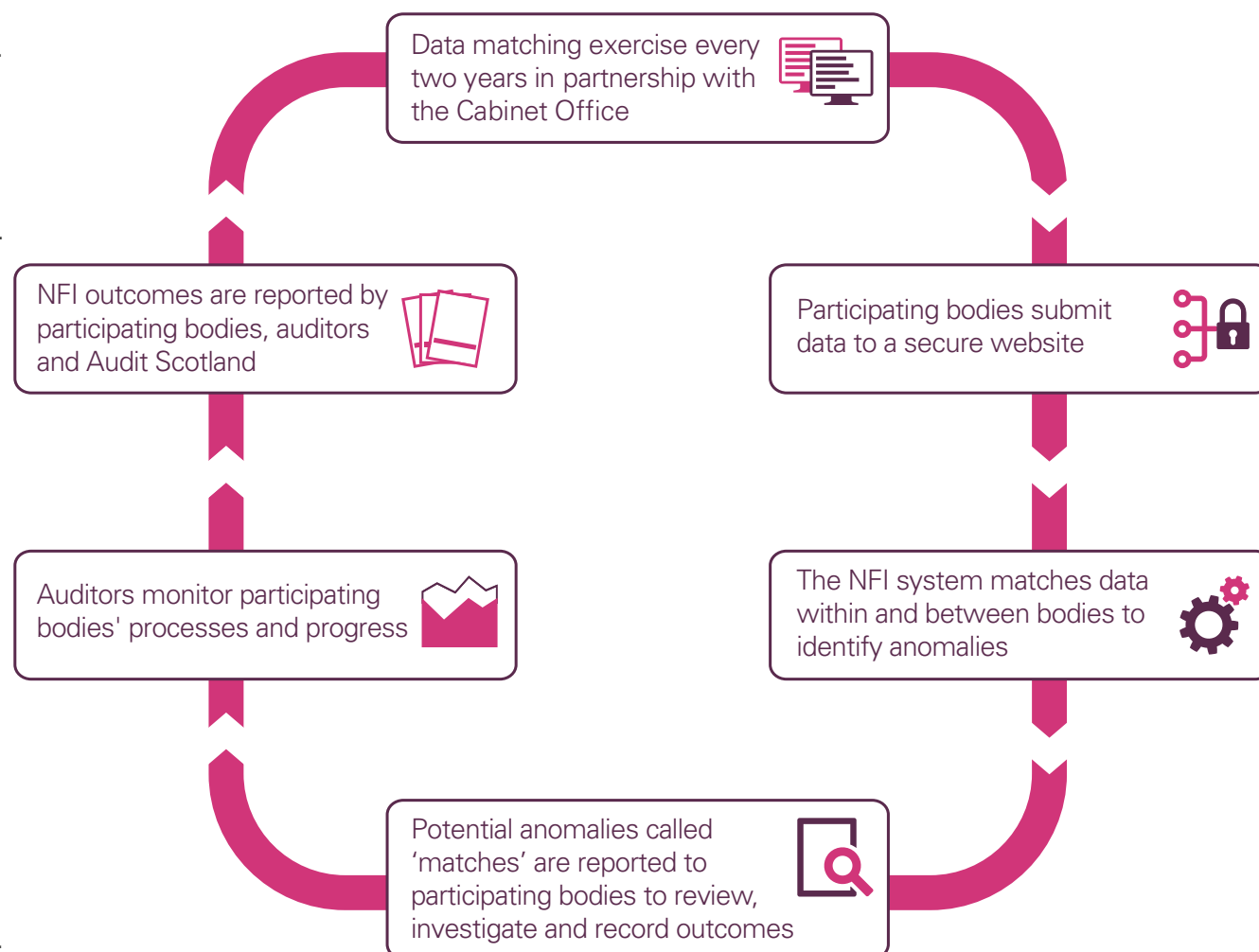
The NFI is a counter-fraud exercise across the UK public sector which aims to prevent and detect fraud. The Cabinet Office oversees it, and Audit Scotland leads the exercise in Scotland, working with a range of Scottish public bodies and external auditors.

The NFI uses data sharing and matching to help confirm that services are provided to the correct people. The NFI takes place every second year. 132 public-sector bodies in Scotland participated in the 2020/21 exercise including councils, NHS bodies, colleges and larger central government bodies such as the Scottish Government, Revenue Scotland and Transport Scotland. A full list of participants is available [here](#).

The NFI enables public bodies to use computer data matching techniques to detect fraud and error.

We carry out the NFI under powers in The Criminal Justice and Licensing (Scotland) Act 2010. It is important for all parties involved that this exercise is properly controlled, and data is handled in accordance with the law. [The Audit Scotland Code of Data Matching Practice](#) includes a summary of the key legislation and controls governing the NFI data matching exercise.

Although the main purpose of the NFI is to ensure funds and services are provided to the correct people, the review of NFI matches may also identify that a customer is entitled to additional services or payments, eg housing benefit matches may identify customers entitled to council tax discount or reduction.



Appendix 2. Costs and benefits of participating in the NFI

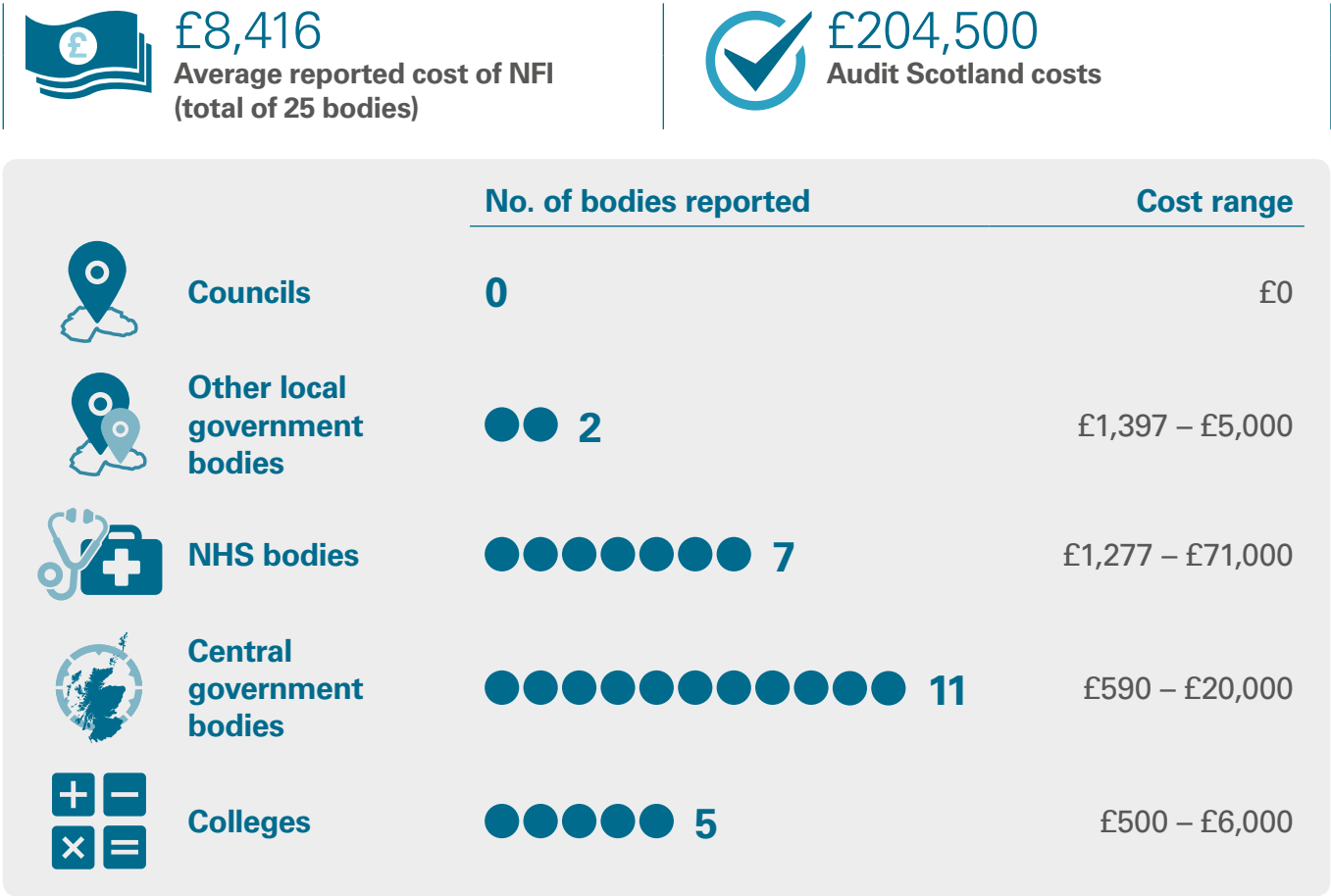
The Scottish Parliament provides funding to Audit Scotland to cover public-sector participants' NFI fees for the biennial data matching exercise.

Participating bodies incur costs following up matches and investigating. Participating bodies also incur costs for pilot work and additional services such as the AppCheck pre-application screening and the ReCheck⁴ flexible data matching service.

Many bodies do not keep separate records for NFI costs as it is just one of many counter-fraud activities they are doing. Those that do have records were able to estimate that their costs ranged from £500 to £71,000. This compares favourably with the average outcome for each public body in Scotland of £113,000 for the 2020/21 NFI exercise.

Overall, the £14.9 million of outcomes from the 2020/21 NFI outweigh the costs.

⁴ ReCheck is a flexible data matching service that complements the NFI biennial national exercise. It allows NFI participants re-perform the existing NFI data matching at a time that suits them.



Appendix 3. Estimation bases

The figures used in this report for fraud, overpayments and errors include outcomes already delivered (actual amounts participants have recorded) and estimates. Estimates are included where it is reasonable to assume that incidents of fraud, overpayments and errors would have continued undetected without NFI data matching.

Details of estimate calculations used in the report are shown below.

Data match	Basis of calculation of estimated outcomes
Council tax single person discount	Annual value of the discount cancelled multiplied by two years.
Housing	£93,000 per property recovered, based on average four-year fraudulent tenancy. Includes: temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies.
Housing benefit	Weekly benefit reduction multiplied by 21 weeks.
Pensions	Annual pension multiplied by the number of years until the pensioner would have reached the age of 85.
Payroll	£5,000 for each employee dismissed or resigns as a result of NFI matching, or £10,000 for each resignation or dismissal for employees who have no right to work in the UK.
Council tax reduction scheme	Weekly change in council tax discount multiplied by 21 weeks.
Housing waiting lists	£3,240 for each case based on the annual estimated cost of housing a family in temporary accommodation, the duration a fraud may continue undetected and the likelihood a waiting list applicant would be provided a property.
Blue badges	Number of badge holders confirmed as having died multiplied by £575 to reflect lost parking and congestion charge revenue.

The National Fraud Initiative in Scotland 2022

Audit Scotland's published material is available for download on the website in a number of formats. For information on our accessibility principles, please visit: www.audit-scotland.gov.uk/accessibility

For the latest news follow us on social media or [subscribe to our email alerts](#).



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National Fraud Initiative

2020/2021

**Renfrewshire Council summary of
arrangements and outcomes**

1. INTRODUCTION

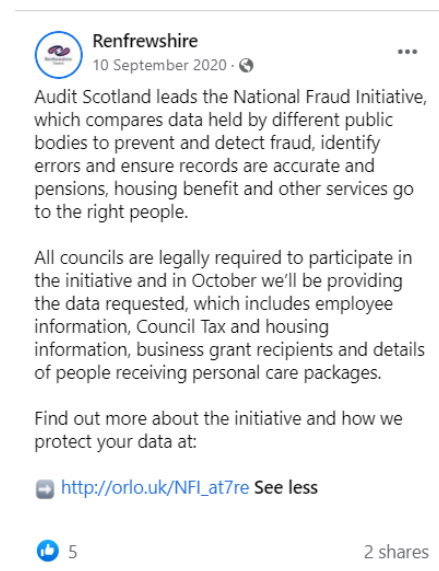
The National Fraud initiative is a biennial data matching exercise run by the UK Cabinet Office and overseen in Scotland by Audit Scotland. It supports the Council's commitment to protecting public funds and preventing and detecting fraud.

Each local authority across the UK alongside other government organisations such as the NHS and Department for Work and Pensions participant under the relevant Public Finance legislation, which in Scotland is the Public Finance and Accountability (Scotland) Act 2000.

Information Security

Participation in the exercise is communicated across the Council's social media platforms to inform our customers and staff. All information is shared and stored in line with the Council's privacy policy.

Renfrewshire Council Facebook



Renfrewshire
10 September 2020 · 🌐

Audit Scotland leads the National Fraud Initiative, which compares data held by different public bodies to prevent and detect fraud, identify errors and ensure records are accurate and pensions, housing benefit and other services go to the right people.

All councils are legally required to participate in the initiative and in October we'll be providing the data requested, which includes employee information, Council Tax and housing information, business grant recipients and details of people receiving personal care packages.

Find out more about the initiative and how we protect your data at:
http://orlo.uk/NFI_at7re See less

👍 5 2 shares

Renfrewshire Council twitter



RenCouncil @RenCouncil
We're supporting the National Fraud Initiative run by @AuditScotland every two years to prevent and detect fraud and ensure pensions, benefits and services reach the right people.
orlo.uk/National-Fraud...

nfi
National Fraud Initiative

2:01 pm · 10 Sep 2020 · Orlo

Council data from across a range of services including Payroll, Revenues and Benefits and Housing was exported as a snapshot in time at the beginning of October 2020 and uploaded to the secure NFI web portal.

Data Matching

The NFI aims to improve the detection and prevention of fraud in the public sector by matching data from one authority / organisation against both its own data and the data from other bodies for example, payroll data from a local authority against state benefit data from the DWP.

Data exported in early October is quality checked prior to submission and a further continuity check is carried out by the Cabinet Office data matching contractor. It is then cross referenced against data held and most matches are released by early Spring 2021.

Match Category	Match Release
DWP deceased data	January 2021
Payroll, State Benefit, Housing Benefit, Housing Applications, Housing Tenants, Council Tax Reduction, Taxi Drivers License, Blue Badge, Creditors	February 2021
Procurement, Business Grants*	April 2021
Small Business Bonus Scheme	July 2021

*Business Grants matches across all Scottish Local Authorities were suspected to be under-reported in the April release. A further data matching exercise is being run and has yet to be released.

2. OUTCOMES

All matches generated from the data matching exercise require an outcome. To allow Audit Scotland and the Cabinet Office to report accurately across all organisations involved the outcomes available are prescribed and used by all organisations.

Possible outcomes

Closed - Already known No savings identified

- These are matches that after investigation it is identified that the information available in the match has already been reported and acted on within the time of the data being uploaded and the match being released.

Closed - No Issue No savings identified

- After investigation the information received from the match has no impact on the benefit or service received.

Closed - Error Savings identified

- Savings are identified however the cause is considered to have been error and not fraud.

Closed - Fraud Savings identified

- A full investigation is carried out and evidence is identified to indicate that a material benefit was gained by the failure of the subject to declare information

Closed - Not selected for investigation No savings identified

- The match details do not offer sufficient evidence to allow for an investigation

Closed - referred to DWP No savings identified

- The match information relates primarily to state benefits that require to be investigated by the DWP.

Updates for 2020/21

The Cabinet Office have included 2 new areas for investigation and removed 4 datasets from the 2018/19 exercise

Additions: Covid related Business Grants and Non domestic rates Small Business Bonus Scheme

Deletions: Market Trader license holders, Personal Alcohol License (licensed premises) holders, Personal Care and Private Residential Care Homes.

These updates have seen a significant reduction in the number of reports and matches released for investigation.

2020/2021	Change	2018/2019
88 Reports	↓	115 Reports
4901 unique matches	↓	6250 unique matches

The results included in this report are lifted from those reported and verified by Audit Scotland. All results are correct as at 31 March 2022.

Any cases open at the time of the Audit Scotland report were followed up by the Counter Fraud Team and worked to their conclusion however any savings from these cases are not reported in the Audit Scotland, The National Fraud Initiative in Scotland 2022 report which was published by Audit Scotland in August 2022.

3. PROCESS

All required datasets were exported in September 2020 and submitted to the National Fraud Initiative web portal.

The National Fraud Initiative data matching cases are released on the web portal January 2021.

The matches are categorised by the fraud risk area and risk score. The risk score matrix has been designed by the Cabinet Office and is established to assist organisations to prioritise the resources required to carry out the match investigation to those most likely to identify savings and error or fraud.

Renfrewshire Council process

	<i>All Matches</i>	<i>high risk</i>	<i>% of all matches that are high risk</i>
<i>Housing Benefit claimants</i>	85	42	49.41%
<i>Payroll</i>	105	16	15.24%
<i>Housing Tenants</i>	316	200	63.29%
<i>Blue Badge Parking Permit</i>	522	383	73.37%
<i>Housing Waiting List</i>	191	166	86.91%
<i>Council Tax Reduction Scheme</i>	1326	37	2.79%
<i>Creditors</i>	2160	264	12.22%
<i>Procurement</i>	66	0	0.00%
<i>Business Rates</i>	127	127	100.00%
<i>Business Grants</i>	3	0	0.00%
<i>Multiple Occurrence report</i>			
<i>cumulative total</i>	4901	1235	25.20%

Analysis of Renfrewshire council NFI matches 2020/21

Matches allocated 'high risk' status are prioritised for investigation.

Previous NFI exercises indicated potential savings from 'low risk' Council Tax Reduction Scheme matches. These matches were also given priority for investigation.

Blue Badge Parking Permit matches and Creditor matches are passed to the service to assess and any suspected fraud escalated to the Counter Fraud team to pursue.

	2018	2020	Change
<i>HB</i>	237	85	↓ 64%
<i>Payroll</i>	133	105	↓ 21%
<i>Tenants</i>	247	316	↑ 28%
<i>Blue Badge</i>	176	522	↑ 197%
<i>Waiting List</i>	283	191	↓ 33%
<i>CTRS</i>	1161	1326	↑ 14%
<i>Creditors</i>	3004	2160	↓ 28%

Analysis of Renfrewshire council NFI matches 2020/21 and 2018/19

Blue Badge and Housing Tenant matches saw the most significant increase in total number of matches from the previous exercise in 2018/19. This may have been caused by the increased mortality rates in the elderly and clinically vulnerable due to the COVID 19 pandemic as a large proportion of these matches were to deceased person data.

The Counter fraud team work closely with Housing Services to provide verification for new housing waiting list applications which may have had a positive impact on the number of matches identified in the NFI exercise in 2020/21.

4. RESULTS

2020/21 Fraud and error identified

Fraud Area	No. of cases	Actual Overpayment	Estimated Savings
All	842	£410,735	£1,640,731
CTRS¹	78	£132,222	£16,769
HB²	1	£4,402	£2,634
Housing Tenancy	9	N/A ³	£837,000
Waiting List	92	N/A	£298,080
Payroll	1	£6,386	N/A ⁴
Blue Badge	207	N/A	£119,025
Creditors	2	£75,644	N/A
NDR⁵	2	£13,232	£18,933
CT Discount⁶	450	£178,849	£348,290

NFI Outcomes 2021: interactive report, Audit Scotland

https://www.audit-scotland.gov.uk/uploads/docs/um/outputs/nr_220818_nfi/index.html

Overall outcomes are down from the previous exercise, this is the case across the whole of Scotland, however the actual overpayment identified in Council Tax Reduction Scheme has risen. The counter fraud team

approached this exercise differently. Our strategy for this exercise was to investigate all CTRS matches and not only the high risk recommended matches.

Council Tax Reduction data matched with public body private pensions generated a large proportion of the CTRS outcomes.

In many cases claimants were unaware that annual pension upratings were not automatically added to their claim, or that the pension paying body did not routinely share the upratings with local authority revenue and benefit services. Claimants impacted were supported by Revenues and Benefits Service and counter fraud officers to ensure that their claim was brought up to date to prevent any future overpayments.

The 2020/21 exercise introduced the non-domestic rates matches after a previous Audit Scotland pilot demonstrated successful outcomes. NDR outcomes relate solely to the reassessment of Small Business Bonus Scheme (SBBS) discounts.

The financial savings in excess of £410,000 are set to be recovered following the Council's usually debt recovery processes.

Our participation in the 2020/21 NFI exercise is estimated to have prevented further financial loss to Renfrewshire Council in excess of £1.6 million.

¹ Council Tax Reduction Scheme

² Housing Benefit

³ There are no Actual Overpayments recorded for Housing Tenancy, Waiting List and Blue Badge fraud and error cases

⁴ There are no Estimated Savings recorded for Payroll and Creditors fraud and error cases

⁵ Non-Domestic Rates / Business Rates

⁶ Council Tax Discounts

5. FUTURE EXERCISES

Progress is being made on the preparations for the 2022/23 NFI exercise. The data will be extracted from Council systems from September 2022 and uploaded to the secure web portal in October 2022. There is a communications plan in place to ensure Elected Members, employees and members of the public are aware of the initiative and ensure our compliance with the privacy notice expectations. Our arrangements have been self-assessed against Audit Scotland's self-assessment checklist as detailed below:

Part A: Leadership, commitment and communications	Yes/no/partly	Is action required?
1. Are we aware of emerging fraud risks and taken appropriate preventative and detective action?	Yes – National Anti-Fraud Network and other anti-fraud network alerts are subscribed to and monitored for emerging fraud risks. Attendance at regular SLAIG/SLACIAG meetings provide opportunity for the sharing of best practice across local authorities to improve and develop preventative controls and detective methods.	No
2. Are we committed to the NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?	Yes - Counter Fraud Team work jointly with operational services to investigate matches. Training is provided to operational teams and NFI outcomes reported to the CMT and the Audit, Risk and Scrutiny Board.	No
3. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?	Yes - there is a Counter Fraud Policy in place and it is incorporated into the Counter Fraud Business Plan.	No
4. Have we considered using the point of application data matching service offered by the NFI team, to enhance assurances over internal controls and improve our approach to risk management?	Yes - we continue to review the use of Appchecker and other optional services. Previous experience of appchecker has influenced our approach to regular data matching.	No
5. Are the NFI progress and outcomes reported regularly to senior management and elected/board members (eg, the audit committee or equivalent)?	Yes - Counter fraud activity outcomes, including NFI results are reported quarterly alongside the outcome and performance report presented to the Audit, Scrutiny and Risk board. Audit Scotland's NFI reports (including the most recent SBBS pilot report) are shared with Senior Management. The overall NFI outcomes and results are reported at the end of the biennial exercise.	No

5. FUTURE EXERCISES

6. Where we have not submitted data or used the matches returned to us, eg council tax single person discounts, are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?	Yes - Risk based assessment of matches, high risk matches given priority. We have established regular data matching exercises in regard to Housing Waiting List, Licensing and Council Tax discounts and Reductions. Revenues and Benefits have recently established a Review Team which will carry out checks and reviews aimed at ensuring accuracy in Council Tax discounts and reductions. The effectiveness of data matching exercises is demonstrated in the outcomes and corrections identified; these are reported as part of the quarterly reports to board.	No
7. Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?	Yes - Internal Audit is responsible for co-ordinating the exercise and regularly review outcomes identified. The findings from the NFI are considered as part of Internal Audit annual planning.	No
8. Do we review how frauds and errors arose and use this information to improve our internal controls?	Yes - this is considered in the annual audit planning. Meetings are held with the appropriate parties where issues are identified to improve internal controls.	No
9. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (eg, successful prosecutions)?	Yes - Report to members of the Audit, Risk and Scrutiny Board. Other publicity is considered on a case-by-case basis.	No
Part B: For the NFI key contacts and users		
Planning and preparation		
1. Are we aware of emerging fraud risks and taken appropriate preventative and detective action?	Yes - NAFN and other anti-fraud network alerts are subscribed to and monitored for emerging fraud risks. Attendance at regular SLAIG/SLACIAG meetings provide opportunity for the sharing of best practice across local authorities to improve and develop preventative controls and detective methods.	No
2. Are we investing sufficient resources in the NFI exercise?	Yes - time included in audit plan and regular engagement with service through counter fraud team monitoring. Revenues and Benefit services have included NFI match investigation in their work plan for 2023.	No

5. FUTURE EXERCISES

3. Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available? This includes considering the quality of data.	Yes - full planning process and detailed action plan in place. Resource made available within the Counter Fraud Team to prepare for the upload of data to the NFI portal this includes a quality check of the data prior to upload.	No
4. Is our NFI Key Contact (KC) the appropriate officer for that role and do they oversee the exercise properly?	Yes - Chief Auditor oversees the task and a further 2 counter fraud investigators identified to progress investigations and liaise with operational services.	No
5. Do KCs have the time to devote to the exercise and sufficient authority to seek action across the organisation?	Yes - included in work plan and liaison with operational service contacts for actionable cases agreed at the planning and preparation stage of the NFI exercise	No
6. Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that the NFI can deter fraud and that there is value in the assurances that we can take from low outcomes?	Yes - considered as part of risk-based assessment and consideration given to the deterrence our involvement has in the NFI exercise on potential fraud.	No
7. Do we confirm promptly (using the on-line facility on the secure website) that we have met the fair processing notice requirements?	Yes - deadline met	No
8. Do we plan to provide all NFI data on time using the secure data file upload facility properly?	Yes - detailed action plan in place to ensure compliance, this has been successfully fulfilled in previous exercises.	No
9. Have we considered using the point of application data matching service offered by the NFI team, to enhance assurances over internal controls and improve our approach to risk management?	Yes - Appchecker has been used in the past and has influenced the approach to regular data matching.	No
Effective Follow Up of Matches		
10. Do all departments involved in the NFI follow-up of matches promptly after they become available?	Yes - monitored by Internal Audit and any resource difficulties are discussed with the service and the Director of Finance and Resources	No
11. Do we give priority to following up recommended matches, high-quality matches, those that become quickly out of date and those that could cause reputational damage if a fraud is not stopped quickly?	Yes - risk based assessment of matches. High risk matches are prioritised, consideration is also given to matches that may cause increased hardship if further delay in correction.	No

5. FUTURE EXERCISES

12. Are we investigating the circumstances of matches adequately before reaching a no issue outcome, in particular?	Yes	No
13. (In health bodies) are we drawing appropriately on the help and expertise available from NHS Scotland Counter-fraud Services?	N/A	No
14. Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Procurator Fiscal)? Are we recovering funds effectively?	Yes - all relevant actions are considered. Recovery of funds in some areas was impacted by the COVID 19 pandemic however this is now returning to normal.	No
15. Do we avoid deploying excessive resources on match reports where early work (eg, on recommended matches) has not found any fraud or error?	Yes - risk based assessment of matches, where high risk matches show no fraud or error low risk matches are not considered for investigation. However, this is reviewed on a report-by-report basis and where there is a potential for hardship or reputational damage consideration is given to deploying resources to investigate low risk matches.	No
16. Where the number of high risk matches is very low, are we adequately considering the medium and low-risk matches before we cease our follow-up work?	Yes	No
17. Do we follow up matches which indicate a customer may be eligible for a benefit or service which they currently do not receive?	Yes - Counter fraud team work jointly with operational services to investigate matches. All changes of circumstances identified are considered in the reassessment of the claim and where additional benefit entitlement is identified this is communicated to the claimant.	
18. Overall, are we deploying appropriate resources on managing the NFI exercise?	Yes - any resourcing issues are discussed with the Service and Director of Finance and Resources as appropriate. Counter Fraud resources are committed within the workplan to the NFI exercise.	No
Recording and reporting		

5. FUTURE EXERCISES

19. Are we recording outcomes properly in the secure website and keeping it up to date?	Yes - monitored by Internal Audit	No
20. Do staff use the online training modules in the secure website and do they consult the NFI team if they are unsure about how to record outcomes?	Yes - training is provided to staff responsible for following up matches, training includes notifying of online training modules and videos available on NFI web application.	No
21. If, out of preference, we record some or all outcomes outside the secure website have we made arrangements to inform the NFI team about these outcomes?	Yes - this is included in the Report notes.	No