



Haringey Council

Agenda item:

[No.]

**Audit Committee**

**On 5 November 2009**

Report Title: **National Fraud Initiative**

Report authorised by: **Chief Financial Officer**

Report of and Contact Officer: Anne Woods, Head of Audit and Risk Management

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Wards(s) affected: **All**

Report for: **Information**

**1. Purpose of the report**

1.1 To advise the Audit Committee of the operation and progress made in investigating potential data matches across the Council as part of the National Fraud Initiative (NFI).

**2. State link(s) with Council Plan Priorities and actions and/or other Strategies:**

2.1 Audit and Risk Management contribute to the Council priority to deliver excellent, customer focused, cost effective services by assisting in the completion of potential data matches under the National Fraud Initiative and undertaking investigations, where appropriate, to reduce risks and improve controls.

**3. Recommendations**

3.1 That the Audit Committee notes the content of the report.

**4. Reason for recommendation(s)**

4.1 The Audit Committee is responsible for Anti-fraud and Corruption arrangements as part of its Terms of Reference. The National Fraud Initiative supports the Council's anti-fraud work. In order to provide assurance that the NFI is being appropriately used and followed up, reports on its operation and progress on investigations are provided to the Audit Committee.

### **13. Use of appendices**

13.1 Appendix 1 – Summary of recommended matches and progress to date

### **14. Local Government (Access to Information) Act 1985**

14.1 For access to the background papers or any further information please contact Anne Woods on 0208 489 5973.

### **15. Background**

15.1 The Council provided information to the Audit Commission in October 2008 as part of the National Fraud Initiative (NFI). Potential data matches for further investigation were provided back to the Council in March 2009. This report provides information to the Audit Committee on the progress that the Council has made to date in investigating the potential data matches.

### **16. National Fraud Initiative (NFI)**

16.1 Since 1996, the Audit Commission has run NFI once every two years. The NFI is a data matching exercise that compares sets of data to identify inconsistencies or other circumstances that might indicate fraud or error. This may include examples such as a tenant with more than one council house, a housing benefit claimant not declaring income or an employee on long-term sick leave while working elsewhere. The data-matching exercises also help auditors to assess the arrangements that audited bodies have put in place to deal with fraud. The most recent completed exercise (in 2006/07) identified an estimated £140 million of fraud and error across the United Kingdom.

16.2 In previous NFI exercises, Haringey Council has been required to submit a number of 'data sets' for inclusion in the data matching process. These were classed as 'core' data sets and were provided from the information held on Haringey's IT systems. The core data sets for previous NFI exercises and the data matching processes were: Housing Benefits; Social Housing; Payroll and Pensions Payroll; and Creditors data.

16.3 A new Code of Data Matching Practice was implemented for NFI 2008/09. The aim under the new arrangements was to ensure that, while upholding and protecting individuals' rights in relation to their personal data at all times, the NFI continued to serve the public interest by safeguarding public money against losses from fraud or corruption and making an effective contribution to the wider fight against fraud.

16.4 The new legislation has meant that the range of data matches made available to participating bodies has increased substantially and is more diverse. The previous core data sets have been supplemented by a new range of compulsory data sets. The core data sets now include private supported care home residents; electoral register; council tax; transport passes and permits; and licences (market traders, taxi and personal licences to sell alcohol).

'recommended filter' of those potential data matches which it considers should be investigated. For Haringey Council, a total of 2,130 recommended filter matches was indicated. The summary of these is provided at Appendix 1.

- 18.2 Appendix 1 shows the current status of investigations and review of the recommended filter matches. The information is taken from the NFI website which officers have used to record their investigations and outcomes. The NFI requires that the investigations into potential data matches are completed by 31 December 2009.
- 18.3 During August 2009, Internal Audit met with all key contacts who are undertaking the investigations to ensure that they were aware of their roles and responsibilities; knew how to access and use the NFI website; had begun to investigate the recommended matches; and were planning to complete the process by the required deadline.
- 18.4 For the 2008/09 data, 42% of the investigations into the recommended data matches have already been completed. Of these, three frauds and five errors have been recorded. Two frauds related to officers who were identified as working illegally and they were dismissed. A second employee failed to provide satisfactory evidence of a correct and valid National Insurance Number and their employment was terminated. The five errors related to incorrect National Insurance numbers being held on Haringey Council's systems, causing a false match to be indicated. All errors have been corrected on the Council's systems.
- 18.5 Action plans have been agreed with key contacts to ensure that investigations are completed on the outstanding data matches by the required deadline. Internal audit will continue to monitor completion of investigations and advise managers of any issues identified which would prevent the completion of the work by 31 December 2009.

APPENDIX 1

| Data set                    | Total Recommended Data Matches for investigation | Investigations |             |                   | Errors identified | Investigations not started |
|-----------------------------|--|----------------|-------------|-------------------|-------------------|----------------------------|
|                             |  | complete       | in progress | Frauds identified |                   |                            |
| Blue Badges                 | 394  | 394            | 0           | 0                 | 0                 | 0                          |
| Concessionary passes        | 136  | 80             | 0           | 0                 | 0                 | 56                         |
| Council Tax                 | 0  | 0              | 0           | 0                 | 0                 | 0                          |
| Deferred Pensions           | 0  | 0              | 0           | 0                 | 0                 | 0                          |
| Housing/Council Tax Benefit | 1297   | 341            | 364         | 0                 | 4                 | 592                        |
| Housing Rents               | 109  | 2              | 0           | 0                 | 0                 | 107                        |
| Insurance                   | 9  | 0              | 0           | 0                 | 0                 | 9                          |
| Market Traders              | 0  | 0              | 0           | 0                 | 0                 | 0                          |
| Procurement                 | 0  | 0              | 0           | 0                 | 0                 | 0                          |
| Pensions                    | 72   | 28             | 15          | 0                 | 0                 | 29                         |
| Payroll                     | 71   | 21             | 21          | 3                 | 1                 | 29                         |
| Right to buy                | 29   | 23             | 0           | 0                 | 0                 | 6                          |
| Residential Homes           | 3  | 3              | 0           | 0                 | 0                 | 0                          |
| Resident Parking            | 10   | 0              | 0           | 0                 | 0                 | 10                         |
| Student Loans               | 0  | 0              | 0           | 0                 | 0                 | 0                          |
| Temporary accommodation     | 0  | 0              | 0           | 0                 | 0                 | 0                          |
| Taxi Drivers                | 0  | 0              | 0           | 0                 | 0                 | 0                          |
| <b>Total</b>                | <b>2130</b>                                      | <b>892</b>     | <b>400</b>  | <b>3</b>          | <b>5</b>          | <b>838</b>                 |