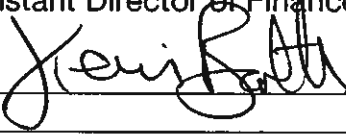




Report for:	Corporate Committee 15 May 2012	Item number	
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Title:	National Fraud Initiative 2011/12
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Report authorised by:	Assistant Director of Finance 
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Lead Officer:	Anne Woods, Head of Audit and Risk Management Tel: 020 8489 5973 Email: anne.woods@haringey.gov.uk
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Ward(s) affected: ALL	Report for: Information
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1. Describe the issue under consideration

1.1 The Corporate Committee is responsible for Anti-fraud and Corruption arrangements as part of its Terms of Reference. The Audit Commission's statutory data matching exercise, the National Fraud Initiative, provides information to organisations on potential fraud cases and therefore falls within the remit of the Corporate Committee's responsibilities.

1.2 This report provides details to the Corporate Committee about the outcomes from the work undertaken on the Audit Commission's National Fraud Initiative exercise during 2011/12 and the outcomes of the exercise to date.

2. Cabinet Member Introduction

2.1 Not applicable

3. Recommendations



Haringey Council

3.1 That the Corporate Committee notes the work undertaken by the Council to date in order to comply with the requirements of the NFI and investigate potential data matches.

4. Other options considered

4.1 Not applicable.

5. Background information

5.1 The Audit Commission undertakes a biennial fraud data matching exercise, the National Fraud Initiative (NFI), based on datasets provided by all local authorities, the NHS and other bodies falling under the review of the Audit Commission. The NFI is a statutory process, governed by the Audit Commission Act 1988.

5.2 Some of the data sets used in the NFI exercise are provided directly to the Audit Commission by Haringey Council via a secure web-based data-upload facility, including Payroll, Housing Rents, Licensing and Parking. Other data such as Housing Benefits, Immigration and Student Awards are provided to the Audit Commission by central government departments and agencies.

5.3 The Head of Audit and Risk Management is the Council's Key Contact for NFI purposes and is responsible for ensuring that all Council departments submit the required data in a format and within the timescales required by the Audit Commission. The data for the latest exercise was submitted to the Audit Commission in October 2010. Following the Audit Commission's analysis and data matching processes, the results were made available to the Council at the end of January 2011. A summary of the category and volume of matches received and the outcomes are included at Appendix 1 to this report.

5.4 The Audit Commission provides a rating for each report within a dataset as High, Medium or Low. The Audit Commission further identify some of the data matches as 'Recommended Matches', which they consider to have the highest likelihood of potential fraud. During 2011, officers focused on reviewing the 'Recommended Matches'. Additional matches were subject to review where previous exercises had established fraud occurring within these datasets.

5.5 The Audit Commission added further dataset reports throughout the year. As a result, a final total of 20,102 matches were subject to assessment and review by officers, against a total of 3,237 'Recommended Matches'.



6. Comments of the Chief Financial Officer and Financial Implications

6.1 There are no direct financial implications arising from this report. The work completed to review the potential data matches was undertaken by officers in various departments across the Council and by the Corporate Anti-Fraud Team and Housing Benefit Fraud Investigation Team within Audit & Risk Management. The costs of this are contained and managed within the Audit and Risk Management and service department revenue budgets which are monitored on a monthly basis.

7. Legal Implications

7.1 The Head of Legal Services has been consulted in the preparation of this report, and advises that there are no direct legal implications arising out of its contents.

8. Equalities and Community Cohesion Comments

8.1 This report deals with how details of potential fraud data matches are dealt with across all relevant departments of the council, which have an impact on various parts of the community. Improvements in managing fraud risks and resultant controls will therefore improve services the Council provides to all sections of the community.

9. Head of Procurement Comments

9.1 Not applicable.

10. Policy Implications

10.1 There are no direct implications for the Council's existing policies, priorities and strategies. However, reducing the opportunity for fraud to take place in the first place, and taking appropriate action to detect and investigate identified fraud will assist the Council to use its available resources more effectively.

11. NFI Outcomes 2011/12

11.1 Outcomes – non benefit related matches

11.1.1 Previous NFI exercises have not yielded any significant fraud cases within Haringey, so investigations have focused on reviewing the Audit Commission's recommended matches with a view to extending the investigations in cases where the fraud risk is highest. The table below summarises the work completed on the non benefit related NFI data sets:



Data Set	Number of Recommended matches	Number of matches reviewed/ Cases closed	Fraud identified	Investigations ongoing	Total Value of fraud (£)
Payroll	253	268/227	0	41	0
Housing Rents	228	176/158	0	18	0
Pensions	66	228/226	0	2	0
Blue Badge	179	215/214	0	1	approx £11,000
Residents Parking	9	20/20	0	0	n/a
Care Home Residents	6	11/11	0	0	0
Insurance	4	4/4	0	0	0

11.2 Outcomes – housing benefit related matches

11.1.1 A total of 6,852 potential matches involving housing benefits were included in the datasets and 1,953 recommended matches were subject to an initial assessment by officers to determine whether further investigation was appropriate. A further 446 matches were reviewed, based on the HB Fraud Team’s assessment of risk. The Fraud Team are still awaiting information from other parties in 190 cases in order that the matches can either be closed or taken forward to full investigation.

11.3 Outcomes – creditor matches

11.3.1 The NFI returned 8,306 potential matches, which aimed to highlight potential duplicate payments. However, NFI reports also include legitimate payments for recurring amounts, for example periodic contract payments, and other regular payments, so the potentially high number of matches needs to be carefully reviewed and investigated.

11.3.2 The Corporate Procurement Team has been using a piece of software to assist in identifying duplicate payments in Accounts Payable data. The software highlights duplications on several levels including basic input errors, misallocated payments, supplier errors, forced entries, invoices paid to two different suppliers and unusual transactions. The software system is incorporated into daily accounts payable processes to run in conjunction with the daily payment run to highlight and deal with any potential duplicate payments as they arise.



11.4 Outcomes – Blue Badges

- 11.4.1 The NFI returned a total of 215 matches of potential fraud. The majority of matches were shown against the DPW deceased persons records where allocated blue badges had not been returned to the Council and were potentially still in circulation.
- 11.4.2 The Corporate Anti-Fraud team undertook a pro-active exercise to reclaim these blue badges. The exercise included writing to the addresses with information about the blue badge exercise and how to arrange their return. Sixty badges were returned as a result of this exercise. In addition, the Corporate Anti-Fraud Team visited addresses where the family of the deceased were still resident and fifty blue badges were returned, bringing the total number up to 110.
- 11.4.3 Blue badges in circulation in the UK are seen as valuable items. In London, blue badge holders are exempt from the congestion charge. The annual value of benefits to blue badge holders is estimated by the Audit Commission to be in excess of £100 per badge.

11.5 Council Tax Single Persons Discount

- 11.5.1 The Audit Commission undertake a separate data matching exercise between Council Tax and Electoral Register datasets held by all local authorities. The matches from this exercise aim to identify any Council Tax payers claiming the Single Persons Discount (SPD) fraudulently.
- 11.5.2 The information for the 2012 exercise was submitted to the Audit Commission in January 2012 and the results of the potential data matches were made available on the NFI website in March 2012. Initial investigations have already been started on the potential data matches by the Council Tax team and, to date 14 cases, with a value of £4.6k, have been identified where the SPD has been removed. Internal audit will provide details of the outcomes from this exercise to a future Committee meeting.

