

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

14 February 2007

Report of the Director of Finance

Part 1- Public

Matters for Information

1 NATIONAL FRAUD INITIATIVE

Summary

This report informs Members that the data for the above exercise has been made available to the Council.

1.1 Background

1.1.1 Members will be aware that the Council has an obligation to participate in the National Fraud Initiative Exercise that is run every two years by the Audit Commission.

1.1.2 Extracts of data were supplied to an agent of the Audit Commission in October 2006. In addition data was supplied by a number of other bodies.

1.2 Reports of Matches

1.2.1 This year's exercise has included data relating to Creditors as well as Pensions, employees and benefit claimants. As a result the Council has had over 3,000 potential anomalies referred to them. Over 2,500 of these queries relate to Creditor transactions and records.

1.2.2 All of the referrals will require an initial scan to identify whether they require further investigation. This process has already commenced.

1.2.3 Members will be updated on the outcome of any investigations resulting from the referrals identified by this exercise.

1.3 Legal Implications

1.3.1 There is a legal requirement for the Council to supply this data but there is not a legal requirement to investigate the results.

1.4 Financial and Value for Money Considerations

1.4.1 There is a charge for participating in this exercise of approximately £1,000. The discovery of a benefit fraud corrects the benefit entitlement but reduces the

government subsidy on benefit paid from 100% to 40%. However, if the overpayment is recovered the Council keeps the difference.

1.5 Risk Assessment

- 1.5.1 Due to the measures we have in place to prevent fraud taking place, historically, this Council has relatively little success with this exercise and it does take officers away from their normal investigations. However, the participation in this exercise forms part of the Key Lines of Enquiry process and the Council would be marked down if it did not participate in the exercise.
- 1.5.2 Nevertheless, it does provide another 'back-stop' in the detection and prevention of fraud.

Background papers:

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NFI Website

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