

TONBRIDGE & MALLING BOROUGH COUNCIL

AUDIT COMMITTEE

12 April 2011

Report of the Director of Finance

Part 1- Public

Matters for Information

1 NATIONAL FRAUD INITIATIVE 2011/12 (NFI)

Summary

This report informs Members of that the latest data sets have been received from the Audit Commission for the NFI 2011/12 data matching exercise.

1.1 Introduction

1.1.1 The Audit Commission run the NFI data matching exercise every two years. The latest set of datasets includes data relating to benefits, creditors, concessionary bus passes, payroll and residents parking permits.

1.1.2 The objective of the exercise is to match this data in order to identify potential anomalies between these data sets that could indicate the possibility of fraud or error.

1.1.3 The anomalies require substantial further investigation in order to identify if there is potential fraud or error.

1.2 Benefit of participation in this exercise

1.2.1 As the data is requested by the Audit Commission using their legal powers there is no option as to whether the authority should participate in the exercise.

1.2.2 The actual proven incidents of fraud or error arising from these exercises are minimal. However, the last exercise in 2009/10 did result in a prosecution for benefit fraud and a number of corrected claims for single person discount.

1.2.3 There are many larger authorities where this exercise results in a significant number of frauds being identified.

1.2.4 In order to discount the possibility of fraud or error every reported match must be examined. The current data set has 1,515 matches and these will be examined over the coming months.

1.2.5 The benefit of this exercise to the Council is one of reassurance. The fact that the levels of fraud found through this exercise are so low is an indication that the internal controls in place throughout the organisation do minimise the potential for fraud to take place. Regular participation in the NFI is also an indication that if there is an area where controls have been significantly weakened then these areas should be identified by an increase in fraud and error.

1.3 Legal Implications

1.3.1 There are no direct legal implications arising from this exercise.

1.4 Financial and Value for Money Considerations

1.4.1 The number of matches that require reviewing is significant. Participation in this exercise is mandatory and in the past has been used as evidence for the use of resources work carried out by the Audit Commission.

1.5 Risk Assessment

1.5.1 The examination of this data is a risk based approach to identifying potential fraud and error and investigating the data sets could result in minimising losses.

1.6 Equality Impact Assessment

1.6.1 There are no equality issues arising from this information report.

Background papers:

contact: David Buckley

NFI Data sets

Sharon Shelton
Director of Finance