

Report of the Treasurer

11. National Fraud Initiative 2012/13

Purpose of Report

1. To inform Members of the final outcomes of the National Fraud Initiative (NFI).
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Recommendation

The Treasurer recommends that Members note the comprehensive action taken by the Authority in response to the National Fraud Initiative for 2012/13 and that once again no fraud has been identified.

Introduction and Background

2. The NFI is a biennial exercise carried out for local government and other public bodies by the Audit Commission and forms part of the statutory audit in accordance with the Audit Commission Act 1998.
3. Authorities are required to provide certain mandatory datasets; for the Fire and Rescue Service the mandatory datasets comprise creditors, payroll and pensions. Payroll and pensions data is subject to a series of data matches against data provided by other public bodies including payroll, pensions, Housing Benefit, Home Office (removed and failed asylum seekers), UK Visas and Department for Work and Pensions deceased persons. Creditor payments are matched only within Authorities.
4. The data provided is processed by a specialist contractor on behalf of the Audit Commission. Data matches are notified to Authorities for examination to eliminate the possibility of fraud and/or error.
5. The existence of a match in an NFI report does not mean that there is a fraud, only that there is a need to investigate further to eliminate the possibility of fraud or error.
6. The majority of NFI reports were received in late January, investigated and reported on to the April Audit Committee.
7. At the time of the April report, one report (52) was still awaited, one report (708) was still being analysed and an additional report has been issued.

Analysis of Reports

8. Each NFI report is produced with a particular purpose which will be stated and comprises a number of matches and a number of items. There will be more items than matches and each match may have more than two items.
9. In each case an explanation of the Fire and Rescue Authority matches will be given to demonstrate why there is no fraud.

Report 52 – Pensions Payments to Benefits Agency Records

10. The purpose of this report is to ensure that pensions are not continuing to be paid to persons for whom a Death Certificate has been logged with the Benefits Agency.
11. At the time of the April report, this information has not been provided by the Audit Commission, but it has now been confirmed that there are no matches to report.

Report 708 – Duplicate Records by Invoice Amount and Creditor Reference

12. At the time of the April report initial investigation had been undertaken, but not completed, and showed no causes for concern. The final analysis is shown in the table below

	No. of Matches	No. of Invoices	
Non-Duplication			
Regular Contract Payments	68	136	
Repeat Orders	57	114	
Stage Payments	16	32	
Training Courses - different delegates	15	30	
Invoice cleared by Credit Note	8	16	
Regular Payroll Deduction payments	6	12	
Cancelled Payments	1	2	
	171	342	99%
Genuine Duplications			
Invoice paid for wrong amount	1	2	
Duplicate invoice paid in error	1	2	
	2	4	1%
	173	346	

13. In the first instance there was confusion between the amount on a statement and on an invoice and the initial invoice was overpaid by £600.00, but already recovered against the next invoice.

14. In the second case an invoice inadvertently was entered twice for £935.83. This had already been identified and recovered well before the NFI data was supplied.
15. To put the second case into context it represents one error in approximately 28,000 invoices in the NFI matching exercise.

Report 999 – Multiple Occurrences

16. This is a new report highlighting where a name or creditor appears in more than one report. It is designed to allow larger authorities to focus their review attention. As the FRA has so few matches and they are all fully investigated this report has no specific issues.

Conclusion and Further Work

17. The NFI outputs have been examined promptly and comprehensively and no fraud has been identified.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	No Fraud has been identified Compliance with NFI is a statutory requirement
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	None
Consultation (identify any public or other consultation that has been carried out on this matter)	None
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	None

Supporting Information

Background papers:

FRA Audit Committee – 29 June 2007 : National Fraud Initiative 2006/07

FRA Audit Committee – 13 March 2009 : National Fraud Initiative 2008/09

FRA Audit Committee – 9 October 2009 : National Fraud Initiative 2008/09

FRA Audit Committee – 21 April 2011 : National Fraud Initiative 2010/11

FRA Audit Committee – 29 June 2011 : National Fraud Initiative 2010/11

FRA Audit Committee – 17 April 2013 : National Fraud Initiative 2012/13

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