

National Fraud Initiative (NFI) 2016/17 additional data matches

Committee Audit and Standards

Date of meeting 1 December 2017

Date of report 16 November 2017

Report by Assistant Chief Executive (Business Support)

1. Object of report

To advise the committee on the outcomes of the National Fraud Initiative (NFI) 2016/17 exercise. This engagement is included in the annual Internal Audit plan for 2017/18.

2. Background

In accordance with the Partnership's Counter Fraud Strategy, the Partnership participated in the National Fraud Initiative (NFI) exercise during 2016/17. NFI is a UK wide matching exercise of mandatory and risk based datasets (e.g. payroll, pensions, trade creditors, etc.) held by public bodies.

The NFI in Scotland is well established and exercises are undertaken every two years. Audit Scotland enables the process by gathering relevant information (datasets) from participating public bodies to undertake computerised data matching. Data matches found within and between public bodies are then distributed to each relevant authority for further analysis and investigation. Any errors and frauds found, together with recovery action taken, are reported back to Audit Scotland, using NFI website tools, for them to prepare a national report.

With reference to the minute of the 17 March 2017 meeting, the initial outcomes of the NFI 2016/17 exercise found no error or fraud.

In May 2017, the NFI team (Audit Scotland) released an additional report containing six data matches to SPT. These matches were aimed at identifying potential undeclared interests that have given a pecuniary advantage. SPT payroll data was matched to Companies House information and then to SPT trade creditors data.

3. Outline of findings

The data matches report was split between those (matches) highlighting employees who appear to be registered directors of companies that the employing body has traded with and those where the employee's address appears to have links to the company directors or the company.

Engagement testing found that four data matches were in relation to two employees and a councillor who are registered as director(s) of companies that SPT traded with, namely

Nevis Technologies Ltd. and Traveline Scotland Ltd. These interests have been declared and no remuneration was received by these individuals from the matched companies.

Two data matches were in relation to a former casual worker's address that was matched to a director and company that SPT traded with. This former casual worker had no influence to award business to any company.

Engagement testing analysed and investigated the matched data and found no error or fraud. The findings were then reported back to Audit Scotland using NFI website tools.

Key controls exist and are applied consistently in the majority of areas tested. Reasonable assurance can be taken from the areas covered in this engagement.

4. Conclusions

The Partnership participated in the National Fraud Initiative (NFI) exercise during 2016/17. Data matches were analysed and investigated with no error or fraud found.

5. Committee action

The committee is asked to note the contents of this report and the on-going work by the Partnership to prevent, detect, investigate and report fraud.

6. Consequences

Policy consequences	<i>In accordance with the Counter Fraud Strategy.</i>
Legal consequences	<i>The NFI exercise is carried out under powers given to Audit Scotland for data matching included in the Criminal Justice and Licensing (Scotland) Act 2010. Disclosure of and results from data matching are specified in the Public Finance and Accountability (Scotland) Act 2000.</i>
Financial consequences	<i>None</i>
Personnel consequences	<i>None</i>
Social Inclusion consequences	<i>None</i>
Risk consequences	<i>Participation in the biennial NFI exercise mitigates fraud risk.</i>

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