



National Fraud Initiative (NFI) outcomes 2020/2021

Committee Audit and Standards

Date of meeting 4 June 2021

Date of report 18 May 2021

Report by Assistant Chief Executive

1. Object of report

To advise the committee on the outcomes of the National Fraud Initiative (NFI) 2020/2021 exercise. This engagement was included in the annual Internal Audit plan for 2020/2021.

2. Background

With reference to the minute of the 28 August 2020 meeting, an action from this meeting was to submit a report on the outcomes of the NFI 2020/2021 exercise.

In accordance with the Partnership's Counter Fraud Strategy, the Partnership participated in the National Fraud Initiative exercise during 2020/2021. NFI is a UK wide matching exercise of mandatory and risk based datasets (e.g. payroll, pensions, trade creditors) 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. Audit Scotland prepare a national report based on the information submitted.

3. Outline of findings

In early October 2020, SPT datasets for payroll and trade creditors were provided to the national NFI team, in line with the prescribed timescale. These datasets were then matched with other public bodies' data. A data match is where the same address, bank account, date, name or payment details is identified in two or more transactions.

From 31 January 2021, the NFI team released 883 matches to SPT, of these, 879 were trade creditor matches. The remaining 4 related to payroll matches.

Engagement testing (February/March 2021) analysed and investigated this data and found no fraud in these matches.

One error was identified and management action was taken to correct this error. There was no financial implication from this error.

The findings of this exercise were then reported back to Audit Scotland using NFI website tools.

SPT business transactions result in a high volume of periodic creditor payments which were identified by the NFI team as a data match.

Key controls exist and are applied consistently and effectively in most areas reviewed.

Sound assurance in most areas can be taken from the areas covered in this engagement.

4. Conclusions

The Partnership participated in the National Fraud Initiative (NFI) exercise during 2020/2021. Data matches were analysed and investigated with no 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 section 26D of the Public Finance and Accountability (Scotland) Act 2000.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>Participation in the biennial NFI exercise mitigates fraud risk.</i>

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Title Assistant Chief Executive

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