

## National Fraud Initiative (NFI) outcomes 2024/2025

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**Date of meeting** 13 June 2025

**Date of report** 28 April 2025

### Report by Chief Executive

#### 1. Object of report

To advise the committee on the outcomes of the National Fraud Initiative (NFI) 2024/2025 exercise. This engagement was included in the annual Internal Audit plan for 2024/2025.

#### 2. Background to report

Members may recall the 6 September 2024 meeting where an action from this meeting was to submit a report on the outcomes of the NFI 2024/2025 exercise.

In accordance with the Partnership's Counter Fraud Strategy, the Partnership participated in the National Fraud Initiative exercise during 2024/2025. NFI is a UK wide matching exercise of mandatory and risk-based datasets (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 October 2024, 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 early February 2025, the NFI team released 609 matches to SPT.

Engagement testing (February/March 2025) analysed and investigated this data and found no fraud or error in these matches.

The findings of the matches 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. 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.

**5. 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>
Climate Change, Adaptation & Carbon consequences	<i>None.</i>

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