



National Fraud Initiative (NFI) outcomes 2022/2023

Date of meeting 9 June 2023

Date of report 2 May 2023

Report by Chief Executive

1. Object of report

To advise the committee on the outcomes of the National Fraud Initiative (NFI) 2022/2023 exercise. This engagement was included in the annual Internal Audit plan for 2022/2023.

2. Background to report

With reference to the minute of the 9 September 2022 meeting, an action from this meeting was to submit a report on the outcomes of the NFI 2022/2023 exercise.

In accordance with the Partnership's Counter Fraud Strategy, the Partnership participated in the National Fraud Initiative exercise during 2022/2023. 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 early October 2022, 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 2023, the NFI team released 459 matches to SPT, of these, 455 were trade creditor matches. The remaining 4 related to payroll matches.

Engagement testing (February/March 2023) analysed and investigated this data and found no fraud in these matches. Two typographical errors were identified and management action was taken to correct these errors. There was no financial implication from these errors.

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>

Name Neil Wylie
Title **Director of Finance & Corporate Support**

Name Valerie Davidson
Title **Chief Executive**

For further information, please contact *Iain McNicol*, Audit and Assurance manager on 0141 333 3195.