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National Fraud Initiative in Wales 2006/2007: Summary of Findings



This report summarises the findings of the National Fraud Initiative exercise conducted in 2006/2007. I have prepared and published it under the Public Audit (Wales) Act 2004 in relation to local government bodies, and I have prepared it under the Government of Wales Act 1998 in relation to NHS bodies, and the Government of Wales Act 2006 in relation to the Welsh Assembly Government. I have presented it to the National Assembly for Wales under the Government of Wales Act 1998.

Working with colleagues in the Audit Commission and participating public sector bodies, the Wales Audit Office study team that assisted me in preparing this report comprised Katrina Febry, Gill Lewis, David Rees and Nathan Nash.

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**Report presented by the Auditor General for Wales to the
National Assembly on 16 May 2008**



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Summary

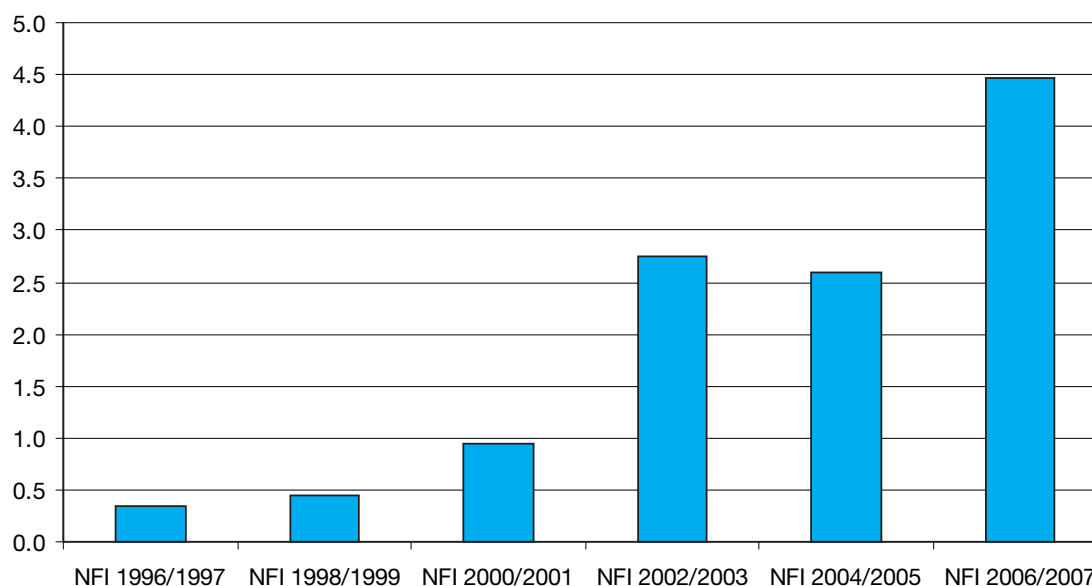
- 1 Public sector bodies in Wales spend some £19 billion of public money every year. A large amount of this expenditure is incurred by local authorities in providing benefits and payments to individuals to address social needs. The payments and benefits are often based on information provided on application forms submitted by members of the public. This may include details in regard to income, employment status and accommodation. Whilst most people provide accurate information, some do not. This results in individuals claiming and receiving benefits to which they are not entitled. It is difficult for public bodies to detect where false information has been supplied as the information is held in a multitude of financial and non-financial data systems held within public sector bodies.
- 2 Public sector bodies are often targeted by fraudsters. The challenge for these organisations is to minimise fraud and error. This requires public sector bodies to work together and share information to enable the detection of fraud.
- 3 The National Fraud Initiative (NFI) was developed by the Audit Commission in 1996 for this purpose. The NFI now runs biennially and has been used to identify more than £11.5 million of fraud and overpayments in Wales, and nearly £450 million across the UK.
- 4 The question that this report seeks to answer is 'has the NFI exercise for 2006/2007 been an effective tool in helping to detect and prevent fraud against the Welsh public sector and delivered benefits to the Welsh public purse by detecting and preventing fraud?'
- 5 Whilst the 2006/2007 NFI exercise has been highly successful, the Auditor General for Wales (the Auditor General) is committed to improving and extending NFI in the future to enable authorities to continue to combat fraud effectively.



Part 1 - The 2006/2007 National Fraud Initiative exercise has resulted in large savings to the public purse and has helped the Welsh public sector to improve its counter fraud arrangements

- 1.1** The National Fraud Initiative (NFI) is a data matching tool designed to detect and prevent fraud and overpayments across the UK. In Wales, the Auditor General is responsible for running the exercise. Since 1996, the NFI has identified more than £11.5 million of fraud and overpayments in Wales, and nearly £450 million across the UK. The latest NFI exercise, NFI 2006/2007, has been the most successful exercise to date, resulting in large savings to the public purse and helping public bodies in Wales improve their counter-fraud arrangements. Further information on NFI is set out in Appendix 1.
- 1.2** Seventy Welsh public sector bodies participated in the 2006/2007 NFI exercise. Participants included:
- local authorities;
 - police authorities;
 - fire authorities;
 - NHS trusts;
 - local health boards; and
 - probation boards.
- 1.3** The National Assembly for Wales also participated in NFI for the first time in 2006/2007 on a voluntary basis. This means that the payroll details of most Welsh public sector staff, including staff of the Wales Audit Office, are input to the NFI database for matching purposes.
- 1.4** Each participant was provided with a set of matches indicating potential fraudulent activity or overpayments relevant to that organisation. The Wales Audit Office organised training events to provide guidance on how to make the best use of NFI. In addition, auditors worked with authorities to help interpret and analyse matches, and provided guidance on the investigation of potential frauds.
- 1.5** Analysis of the results for NFI 2006/2007 shows that the total value of fraud and overpayments reported increased by 73 per cent from £2.59 million in 2004/2005 to £4.47 million in 2006/2007 as shown in Exhibit 1.
- 1.6** The 2006/2007 NFI exercise introduced a new match between council tax single person discount (CTSPD) and the electoral register. The purpose of the match was to detect inappropriate or false claims for council tax single person discount. To date, this match has identified savings of £2.69 million for the public purse in respect of incorrectly awarded discounts and related future savings by one Welsh authority, Cardiff County Council, which participated in an initial pilot of the exercise. Data for a number of other Welsh local authorities is currently being matched and it is anticipated that this will result in substantial additional savings to the public purse.
- 1.7** Therefore, whilst the overall value of detected fraud has increased, this does not mean that the value of fraud perpetrated against the public sector in Wales has increased; rather

Exhibit 1: NFI reported savings in Wales £million



Source: Audit Commission

it is a reflection both on the increasing sophistication of NFI as a data matching exercise, as evidenced by the new council tax discount module, and of the dedication of individual bodies to investigate NFI matches.

1.8 If the council tax single person discount exercise is excluded then the overall value of overpayments fell. This suggests that NFI has been successful in identifying and preventing a number of long running frauds, and thus high value frauds, in particular, pension payments made in the name of deceased people. It also demonstrates that the proactive work of many Welsh authorities has had a significant deterrent effect.

1.9 However, there are a number of public services where there is scope for applying data matching in the future to detect and prevent fraud. The Auditor General and his auditors are committed to the further development of NFI modules in new areas.

1.10 In addition to the fraudulent and erroneous payments identified, the exercise also resulted in the following:

- 26 successful prosecutions; and
- 157 cases where disciplinary or other action has been taken in respect of fraud or error involving public sector employees.

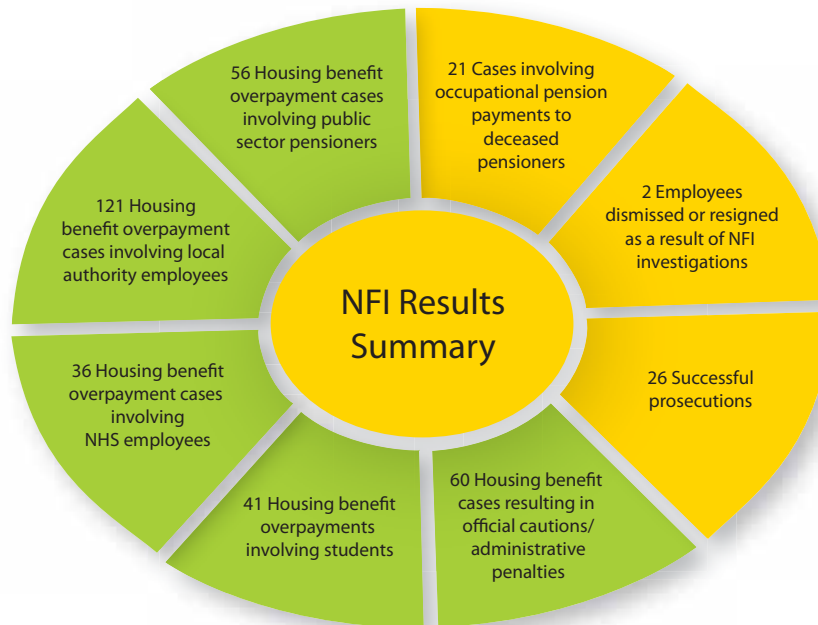
A summary of the results is provided in Exhibit 2.

The National Fraud Initiative is proving to be a highly effective tool in reducing the value of housing benefit fraud

1.11 Housing benefit claimant data is matched with other data sets to identify fraud and erroneous overpayments. The data sets matched with housing benefit claimant data includes payroll, student loans data and deceased pensioners. These matches can identify examples of:



Exhibit 2: NFI 2006/2007 results summary for Wales



- claimants that have failed to declare income that may remove entitlement to benefit or reduce the benefit payable;
- individuals who are claiming benefits, but whose student loan eligibility results in them being ineligible for housing benefits; and
- individuals that are claiming housing benefit from one or more local authorities simultaneously.

1.12 The detection and recovery of housing benefit fraud and overpayments has produced significant savings for authorities since NFI was introduced. The 2006/2007 exercise identified £0.54 million of housing benefit related savings compared with £1.04 million in 2004/2005. Whilst this represents a 48 per cent decrease in savings from the previous exercise, the number of cases of housing benefit overpayments detected has

increased by 15 per cent. This suggests that previous exercises of NFI have been successful in eliminating a number of long term benefit overpayments.

1.13 Analysis of the overpayments reveals that 58 per cent were as a result of claimant fraud, 32 per cent were as a result of claimant error and 10 per cent were as a result of local authority error. Local authorities have already recovered or are working to recover 79 per cent of the overpayments and to prevent further overpayments from occurring.

1.14 To facilitate joint agency working in the prevention and detection of fraud, in 2006/2007 NFI housing benefit matches were made available to the JobCentre Plus and the Pension Service to enable investigation of cases involving income support and job seeker's allowance issues.

Case study 1

An NFI match indicated that an individual in receipt of housing and council tax benefit was being paid an occupational pension from a local fire and rescue authority. On further investigation it was found that the applicant had not declared the pension to the Council or the Department for Work and Pensions (DWP). A joint investigation ensued and the applicant was interviewed in relation to the matter. Based on the outcome of the investigation, the applicant's entitlement to jobseeker's allowance, housing benefit and council tax benefit was withdrawn. Overpayments made to the individual amount to more than £23,000, and as a result a prosecution of the individual is pending.

1.15 Housing benefit data was matched to the payroll and pension records from public sector bodies to identify cases where claimants had failed to declare income that would either remove entitlement to the benefit or reduce the benefit payable. To date Welsh local authorities have identified 157 public sector employees and 56 local government pensioners either fraudulently claiming or being overpaid housing benefit.

1.16 Most students that are eligible for a student loan are not entitled to claim for housing benefit. Student loan data was matched to housing benefit records to identify potential fraudulent and erroneous housing benefit payments. To date, a total of 41 students have been identified as fraudulently claiming or being overpaid housing benefit. This compares to 23 cases in NFI 2004/2005. The number of matches identified this year demonstrates the importance of this match, in particular to those authorities with large student populations.

Case study 2

Cardiff Council has had a significant result from housing benefit matches to student loan data. A number of frauds were identified and these have led to five successful prosecutions to date. In addition, nearly £26,000 of overpayments were identified, and the Council is currently recovering this money. In all cases, the claimants failed to declare their student status and/or the student loans and grants that they were in receipt of. The cases included:

- A claimant who had declared their student status but had not declared the loans or grants they were in receipt of. The claimant attended a formal interview and revealed that their partner was also a student whose grants and loans had not been declared. The claimant received a 60-hour community rehabilitation order and was ordered to pay costs.
- A housing benefit claimant that declared she had dropped out of University. However, enquires with the University confirmed that she had not. As a result of the failure to declare her student status, she had received housing and council tax benefits that she was not entitled to. The claimant received a 12-month conditional discharge and was ordered to pay costs.
- Two claimants who had failed to declare their student status, and as a result, received housing benefits and in one case council tax benefits, to which they were not entitled. They both received two-year conditional discharges.

Investigation of National Fraud Initiative pension payment matches has eliminated a significant number of cases of payments being made in respect of deceased pensioners

1.17 In addition to matching pension data to housing benefit records to identify housing benefit fraud, pension scheme data is also matched to records of deceased persons and payroll records to identify cases where pensions are being paid inappropriately. The total value of pension overpayments identified in NFI 2006/2007 was £86,600 (£98,000 in the 2004/2005 exercise).



- 1.18** Pension payroll data is matched to the DWP's records of deceased people to identify instances where an occupational pensioner has died but the pension is still being paid. The number of cases where pensions were still being paid after the death of the pensioner was 21, this is the same number that was identified in 2004/2005 (down from 61 in 2002/2003). It appears that in the cases identified in 2006/2007, overpayments had been made over a small period of time. This suggests that many of the long-term frauds, and thus high value overpayments, have now been eliminated due to the investigation of matches in previous NFI exercises.
- 1.19** Where public sector employees retire early and draw a pension, their pension entitlement can be affected if they are re-employed within the same sector. The NFI matches public sector pensioner records with the payroll records of current public sector employees. A small number of examples were identified where public sector pensioners had returned to work but had failed to declare the level of their income to the pension scheme. The value of these frauds/overpayments totalled just under £46,000.

Public sector payroll matches identified a number of cases where employees had committed fraud against the public sector

- 1.20** The NFI matches payroll records to detect instances of employees breaching conditions of service and working time directives. This type of matching can identify individuals:
- with two full-time jobs;
 - on long-term sick from one organisation whilst working at another;
 - with two jobs which have incompatible shift working arrangements; and

- working for a public sector employer, whilst they have either no entitlement to reside in the UK or they do not hold a valid visa permitting them to work in the UK.

- 1.21** Twenty-five cases of overpayments or fraud were identified by the payroll matches in NFI 2006/2007. The overpayments amounted to just over £46,000. Whilst savings are relatively low in this area, there are clear benefits to undertaking these matches, for example in the interest of citizen and/or public safety.

Case study 3

An NFI match indicated that a health professional had two full-time positions, one in Wales and a second in England. Further investigations revealed that the individual did indeed hold two concurrent full-time contracts, and that they also had a poor sickness record.

Analysis revealed that the individual potentially claimed to be on sickness absence or special leave from one health body whilst working at the other.

The matter has been investigated by counter fraud specialists from the NHS Counter Fraud Service (Wales) and the Welsh health body. The individual has been interviewed under caution and a criminal prosecution is pending. The individual has been dismissed from one position and has resigned from the other.

The National Fraud Initiative introduced new data matching modules which are supporting public bodies in combating fraud

- 1.22** The NFI 2006/2007 saw the introduction of a number of new modules. The new modules provided participating organisations with the opportunity to increase the benefits of NFI in identifying fraud both in the traditional areas of NFI such as housing benefit, but also introduced the opportunity to identify fraud in new areas. As a result, the availability of these modules was extended to all authorities in the 2006/2007 exercise. The new modules related to:

- creditor payments;
- council tax single person discounts;
- blue badges;
- insurance claims; and
- payments to private residential care homes and continuing care.

1.23 All relevant authorities were expected to participate in the creditor and council tax modules. Participation in the other new modules was discretionary in 2006/2007, but it is anticipated that participation will be mandatory in future exercises.

The National Fraud Initiative creditor payment matches successfully identified and facilitated the recovery of overpayments and helped authorities improve their system controls

1.24 A new module matched creditors' standing and history data. The purpose of the creditor module is to identify a range of risks, such as instances of duplicate invoices and system weaknesses which make it easier for fraudulent or erroneous overpayments to be made, such as where the incorrect VAT amount has been paid on an invoice.

1.25 The creditor payments NFI module was new in 2006/2007 and identified a number of overpayments across Wales. Authorities have used the matches to identify system weaknesses and, as a result, have been able to remedy these issues, such as rationalising the number of creditor accounts where duplicate accounts exist for one creditor. In addition, authorities are currently recovering £33,000 worth of overpayments as a result. The effectiveness of the module in 2006/2007 was limited by problems of data quality, as well as issues relating to the data specification requirements. We are working with the Audit Commission to develop and improve this area of NFI.

1.26 In the 2008/2009 exercise, revised guidance will be issued to authorities providing more detail on the extraction requirements and stricter data cleansing routines. With improved data quality we anticipate that further progress can be made in identifying overpayments, and providing inter-comparative data and identification of procurement fraud and corruption.

A National Fraud Initiative pilot exercise has resulted in over 1,700 council tax single person discounts being revoked with projected savings of £2.69 million over the next three years

1.27 Council tax payers are eligible for a CTSPD where they are the only occupant of a household aged 18 or over, or the other occupants fall into exempted categories such as students and trainees. The discount results in a reduction of 25 per cent of the cost of the council tax payable on the property.

1.28 At the request of a London borough, the Audit Commission undertook a pilot exercise two years ago to identify households claiming a CTSPD where there was no entitlement. The exercise proved to be a great success and, as a result, the Audit Commission undertook a further pilot exercise in 2007, involving more authorities across the UK, including Cardiff Council. The pilot exercise matched the council tax records to the electoral register to identify households where the CTSPD was being claimed where there was no entitlement.

1.29 The high level of overpayments that has been identified in the pilot exercises led to the Auditor General stating his intention that the CTSPD should be adopted by all Welsh local authorities. However, we are disappointed that a number of authorities have indicated that they are currently unwilling to supply the data needed for the exercise, citing legality concerns. The Audit Commission has provided two legal opinions supporting the legality of the matching exercise.



1.30 However, we are pleased that several Welsh authorities have provided the information, demonstrating their commitment to combating fraud. The data for these authorities has been matched and returned to the authorities for review. Work is underway to secure the remaining data submissions.

Case study 4

Cardiff Council participated in the NFI CTSPD Pilot and received 3,913 matches comparing council tax records to the electoral register.

The match identified those households where the occupant appeared to be claiming the single person discount but the electoral roll indicated there was more than one person in the household aged 18 or over.

Initial sifting identified 2,658 cases requiring further assessment. Letters were sent to the CTSPD claimants requesting clarification as to whether they were still entitled to CTSPD, and to establish the effective date of any change that might affect their entitlement.

Follow up action was taken dependent on the response and resulted in 1,758 applications being revoked or withdrawn. To date this match has identified savings of £2.69 million for the public purse in respect of incorrectly awarded discounts and related future savings.

For those cases where the applicant insisted they were still entitled to CTSPD, all facts surrounding entitlement were substantiated as far as possible and appropriate evidence sought before proceeding to the investigation stage.

Cardiff Council has introduced a planned programme of reviews for CTSPD to supplement work undertaken as part of NFI.

New optional modules brought new benefits to participants although low take up of these modules limited their impact

1.31 Licensee holders' records were matched to housing benefit's data to identify individuals claiming benefit's who had not declared their earnings. Housing benefits savings identified as a result of undeclared earnings came to more than £32,000 in Wales. These overpayments relate to the two authorities that chose to participate in this module. Considerable savings could be identified across Wales in future exercises, and it is for this reason that it is anticipated that the match

will be undertaken for all authorities in 2008/2009. In addition licensee holder matches to failed asylum seekers and UK visas may identify people working in the UK who have no entitlement.

1.32 Blue badge records were matched to DWP deceased records to identify blue badges potentially still in circulation after the death of the registered owner of the badge. Blue badges may be used after the death of the registered owner to avoid parking costs and for convenience of parking. The fraud not only results in loss of parking revenues for the authority, but also means that parking spaces may be denied to people who are genuine blue badge holders.

Case study 5

As a result of the investigation of the blue badge NFI matches, Flintshire County Council identified a number of blue badges potentially in circulation following the death of the registered owner. As a consequence more than one hundred badges have been cancelled and the Council has introduced new system controls to reduce the risk of blue badges remaining in circulation following the death of the registered owner.

1.33 Only two authorities in Wales participated in the blue badge module. A number of benefits could be realised by Welsh authorities by using the data to identify additional benefits and savings.

- One authority in the UK has given the data on deceased badge holders to their parking attendants to enable them to spot blue badges being used illegally.

- UK authorities have passed intelligence to social service departments and this has led to the return of mobility aids to enable them to be made available to others.

Therefore, it is anticipated that this module will be undertaken by all local authorities in 2008/2009.

- 1.34** Insurance compensation claim details were matched to identify serial claimants, within and between local authorities. The data can also be matched to housing benefit's claimants to identify individuals who have received large payments but have not declared them. As only two authorities in Wales participated in this module, inter-authority matching could not be conducted and therefore only a very small number of matches were identified. It is anticipated that if the module is extended across all authorities this match could identify substantial savings.
- 1.35** The DWP deceased persons records were matched to individuals in private residential care homes to identify cases where payments were being paid to the care home after a resident's death. Two authorities participated in this module. We are pleased that no examples of overpayments were identified and it has provided participants in this module with assurance in regard to system controls in place. In our view, there is significant value to this module as payments made to care homes cost local authorities hundreds of pounds per resident every week. This means that where overpayments are identified there is potential for the value to be substantial; as a result it is anticipated that this match will be undertaken for all authorities in Wales in the next exercise.

The National Fraud Initiative has delivered significant non-financial benefits to public sector bodies in Wales

- 1.36** The main focus of NFI is to identify financial overpayments and savings; however, it also delivers a significant number of non-financial benefits. By using NFI effectively, public bodies can strengthen their arrangements in regard to anti-fraud and corruption. The NFI can also help participants identify system weaknesses, such as duplicate payments of invoices. The recognition of a weakness enables organisations to improve their systems to help prevent the problems from re-occurring. The NFI also provides assurance to participants that systems are working to prevent fraud and corruption.
- 1.37** The NFI also enables partnership working between public bodies as they need to share data and information to maximise benefits. The identification of a potential overpayment by NFI is just the first step in the process of identifying actual fraud and other overpayments. The identification of fraud may lead to the authority identifying other related frauds and non-financial benefits.
- 1.38** Where an individual has more than one job, payroll matches that highlight instances where employees are working incompatible shift patterns may highlight health and safety concerns in addition to fraud. Matches produced by NFI that identify fraud committed by public sector employees, not only benefit the organisation in which the fraud is committed, but can also provide information about the character of the employee to their employer, and may highlight other risks to the employer.



Developments to both the security and design of the National Fraud Initiative have realised significant benefits in 2006/2007

- 1.39** In previous exercises, authorities were provided with their results on a CD ROM. However, NFI 2006/2007 introduced a new tool for providing results to authorities. Each participant's matches, highlighting potential fraud and overpayments for investigation, were presented on a new secure web-based tool. The web-based tool is a significant advance for NFI, providing real time management information and a user-friendly interface which enabled investigators to record their findings online.
- 1.40** A further benefit of the tool has been to improve security arrangements of the NFI. The web tool is provided to participants by a secure internet connection and access to results is controlled by password access only. In addition, the tool has provided an audit trail to allow participants to monitor access to results.
- 1.41** In August 2007 the tool was further developed to include a new method for submission of data to the Audit Commission. Participants in the NFI may now only submit their data by uploading data using the secure electronic transfer module in the web tool. Data is automatically encrypted on upload. This has removed the need for any physical transfer of data sets. Security arrangements were reviewed in January 2008 and it was concluded that measures comply with the information security standard ISO 27001.

Some public sector bodies have improved the way they investigate matches and have seen the benefits, but others could engage more fully with the tool

- 1.42** In the 2004/2005 national report, the Auditor General reported that not all participants were successful in their approach to investigating NFI data matches.
- 1.43** Overall, the 2006/2007 exercise has seen an improvement in this area. Many public bodies have developed an effective approach to reviewing the matches. In particular, we are pleased to note that local health boards in general have been more proactive in investigating NFI matches than in previous exercises.
- 1.44** Whilst most participating public bodies have proactively and effectively investigated matches, the Auditor General is still of the view that there is a variance in the commitment of individual bodies to investigate matches. Similarly, there is a variance in the commitment within authorities to investigate the different types of matches.
- 1.45** The Wales Audit Office will continue to work with authorities to help them maximise the benefits of the NFI. In particular, auditors will continue to provide help interpreting and analysing results and provide interactive training on the use of the NFI technology.

Part 2 - The Auditor General is committed to the further development of the National Fraud Initiative in the future

The Auditor General is considering how to extend the scope of the National Fraud Initiative to new areas

- 2.1** The Auditor General, in consultation with the Audit Commission, is considering new areas to which the NFI can be extended in the future. In addition, he is considering whether the modules which were discretionary in 2006/2007 should be adopted by all relevant public bodies in the future.
- 2.2** The Serious Crime Act 2007 (SCA) facilitates this and specifically provides for the Auditor General to conduct data matching exercises for the purpose of assisting in the prevention and detection of fraud in or with respect to Wales. The provisions provide that the Auditor General can require local authorities and NHS bodies to provide data for the purposes of such exercises. It also enables other organisations including private sector and central government bodies in the UK to participate on a voluntary basis in data matching exercises. The new legislative provisions will ensure that the number of data items matched in NFI will increase significantly, and will help to detect fraudsters targeting the public and private sectors simultaneously.

- 2.3** In the long term, the new powers will allow the development of new areas of data matching. These may include matching:
- individuals registered on the sex offenders register with local authority employees working in schools;
 - absconders from justice with payroll and benefits data to identify their current location; and
 - individuals who owe large sums of money to public sector bodies with other data systems to facilitate recovery of the sums due.

The Auditor General wishes to extend participation in the National Fraud Initiative to all Welsh public bodies

- 2.4** Participation in NFI is required by all Welsh unitary authorities and NHS bodies. However, the Auditor General wishes to encourage all other public sector organisations in Wales to participate in the NFI on a voluntary basis. An increase in the number of participants means that the number of data items available for matching increases significantly, and therefore, the potential to identify overpayments and savings will be greater.



The Auditor General, in conjunction with the Audit Commission will seek to develop the National Fraud Initiative web tool

- 2.5** The improvements to the web tool were well received by participants, and many users have provided useful feedback as to how further improvements could enhance the tool. Many of these will be incorporated in the next exercise.
- 2.6** New interactive training software will be included in the 2008/2009 updates to the web tool. This will provide demonstrations and tutorial exercises on specific areas of responsibility. This will allow users to access the specific guidance they need at a time convenient to their needs. As a result, the Wales Audit Office will not be holding the training seminars for participants held in previous years and thus avoid the cost and environmental impacts to participants. However, customised training will be available on request and, as in previous exercises, useful information will be provided via regular newsletters, email and the internet in addition to the guidance provided on the web tool.

Appendix 1 - The NFI Exercise

- 1 Every year, Welsh local authorities spend significant sums of money to provide help and support to those in the community most in need. In 2006/2007, more than 220,000 people in Wales received help to pay their rents through housing benefit payments and rent rebates. Authorities made available more than 154,000 council dwellings for rental, and approximately £600 million was spent on housing benefit alone.
- 2 In order to receive these payments or benefits, potential recipients must apply to their local authority. Eligibility for benefits in most cases is determined by means testing, to ensure that they are targeted at those most in need. Most people who apply for benefits are honest and provide accurate data when applying for services. However, some applicants make false statements when applying for local authority services or knowingly fail to inform the relevant people when circumstances change and, as a result, fraudulently claim housing benefits, rent rebates and other benefits.
- 3 In 1996, the Audit Commission in England and Wales launched the NFI. The purpose was to help public sector organisations match data across different data systems within a body and with data held by other organisations. The exercise was a success, and since then NFI has run biennially, introducing new participants and new modules for identifying fraud and overpayments in each new exercise. The NFI has established itself as the UK's
- 4 premier public sector fraud detection exercise. Since 1996, NFI has identified more than £11.5 million of fraud and overpayments in Wales, and nearly £450 million across the UK. Over 1,500 organisations in the UK participated in the latest NFI exercise. The Auditor General has been responsible for NFI in Wales since the creation of the Wales Audit Office in 2005.
- Participants in NFI provide data relating to their financial systems to the Audit Commission on behalf of the Auditor General and his auditors. The information submitted is wide-ranging and includes data relating to housing benefits, student loan recipients, payroll and pension payments. The data supplied is input into the Audit Commission's central database which has been designed to match different sets of data for the purpose of identifying potential fraud or overpayments.



- 5 A number of data sets are matched to other datasets both within and across authorities, to highlight instances such as:
- public sector employees and pensioners claiming housing benefit where there is no entitlement;
 - employees on long-term sick leave from one employer whilst working for another elsewhere; and
 - individuals claiming housing benefit and/or housing rent from more than one authority.
- 6 Participants are provided with reports containing 'matches' which require further investigation. The results of investigations are recorded by the relevant staff. Where fraudulent payment or overpayments are identified, the value of those transactions is recorded and the information is provided to the Auditor General and his auditors.