

## **LANCASHIRE COMBINED FIRE AUTHORITY**

### **AUDIT COMMITTEE**

Meeting to be held on 25 January 2018

### **NATIONAL FRAUD INITIATIVE (NFI) UPDATE**

Contact for further information:

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#### **Executive Summary**

The National Fraud Initiative (NFI) is part of the statutory audit process for health, local government and the other public sector providers that the Cabinet Office is now responsible for (previously the Audit Commission). The NFI flags up inconsistent data within payroll, pensions and creditors which may indicate fraud, signalling the need for investigation, and provides a national picture of fraud as well as highlighting emerging fraud risks.

In respect of the Authority, 322 matches were released in 2017 for investigation, with 63 identified as requiring priority investigation. Following investigations no significant issues were identified.

#### **Recommendation**

The Committee is asked to note the report.

#### **Information**

Data matching involves comparing computer records held by one body against other computer records held by the same, or another body, to see how far they match. This is usually personal information. Computerised data matching allows potentially fraudulent claims and payments to be identified. Where a match is found it may indicate that there is an inconsistency that requires further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out. In fact in reality, there is usually a logical reason why the vast majority of the matches have appeared in the results, but this is unknown until the checking process has been completed.

The data submitted by the Authority for matching relates to payroll, pensions and creditors.

The initial results for the data matches were made available via the Cabinet Office's secure website in January 2017 with further data matches being released as they became available.

Nominated contacts responsible for checking the matches have been established for each dataset, but the activity is predominantly undertaken within the Finance department and LCC Pensions Section with assistance from Human Resources and Procurement. The checking process commences as soon as the results are released and continues as new data matches are released.

The number of matches identified by the 2017 exercise relating directly to the Authority was as follows:

Area	No. of Matches	No. of Priority Checks	Fraud	Errors	Issues Already Known	Recovery/Savings as a result of NFI £'000
Pensions	55	17	-	-	16	-
Payroll	48	5	-	-	-	-
Creditors	219	41	-	17	-	-
Total	322	63	-	17	16	-

## Outcomes

All priority matches have been checked and concluded and the non-priority ones are ongoing with 115 'duplicate records by amount' currently outstanding. The results of the matches have revealed that there are valid reasons and explanations as to why the majority of matches have appeared on the reports. For example, on payroll the majority of the matches related to individuals who were employed as retained fire fighters who also held employment as whole time fire fighters or with other organisations.

16 instances of duplicate supplier records were identified via various matching techniques. Action has been taken to remove the duplicate records.

## Financial Implications

The Authority pays an annual fee of £1,000 for the National Fraud Initiative to the Cabinet Office.

## Human Resource Risk Implications

None.

## Equality and Diversity Implications

None

## Environmental Impact

None

## Business Risk Implications

The report does not identify any new risk issues that the Authority needs to address.

## Local Government (Access to Information) Act 1985

### List of Background Papers

Paper	Date	Contact
None		
Reason for inclusion in Part II, if appropriate:		