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 **AUDIT SCOTLAND**

National fraud initiative 2006/07 handbook: Scotland

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Executive and public bodies in Scotland are held to account for the proper, efficient and effective use of public funds.



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Foreword

This Handbook is designed to help participating bodies to plan for the National Fraud Initiative in Scotland 2006/07 (NFI 2006/07). It sets out what the NFI aims to achieve, key legal requirements including fair processing notices, the data that needs to be submitted and the key actions that bodies need to take.

Chapter 1 – introduction to NFI

The background to NFI and a summary of the requirements for NFI 2006/07

Chapter 2 – the Code of Data Matching Practice

Compliance with the law including the Local Government (Scotland) Act 1973 and fair processing notices (first data protection principle, Data Protection Act 1998)

Chapter 3 – data requirements and administrative arrangements

The datasets needed and the administrative arrangements for NFI 2006/07

Chapter 4 – key issues for bodies

Nominating key contacts and planning for the NFI results

Appendix 1 – data download instructions, data format and media types

Appendix 2 – the specifications for 2006/07

Mandatory dataset specifications (not provided from a single source)

- Payroll (and pensions payroll)
- Housing rents

Risk-based dataset specifications

- Creditors payment history and standing data
- Insurance claimants
- Private care home residents
- Residents parking permits, blue badge parking permits and concessionary travel passes
- Market trader and taxi driver licences

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- Form 1 – nominations of contacts
- Form 2 – data submission checklist (creditors and other systems)
- Form 3 – fair processing notice compliance return (previously Form 6)

1

Introduction to NFI

Background

- 1 The NFI in Scotland is Audit Scotland's data matching exercise that runs every two years in line with the Audit Commission's NFI timetable. The NFI is designed to help participating bodies to identify possible cases of fraud and detect and correct any consequential under or overpayments from the public purse. NFI also helps auditors satisfy their duties to assess bodies' arrangements for preventing, deterring and detecting fraud.
- 2 The results from the most recent exercise (NFI 2004/05) broke all previous records, enabling participants across the United Kingdom (UK) from local government, central government, the NHS and a number of private sector pension bodies, to identify over £111 million of fraud and error. Audit Scotland's exercise contributed £15 million to this result. Audit Scotland's report on NFI 2004/05, published on 17 May 2006, highlights the main issues arising in Scotland and provides illustrative cases. The report was distributed to all participating bodies in Scotland. The Audit Commission's report on the UK position was published on 30 May 2006. Both reports are available to download on our respective websites (www.audit-scotland.gov.uk/nfi/nfi.htm, www.audit-commission.gov.uk/nfi).
- 3 The core of NFI in Scotland is the matching of data to help reduce the level of housing benefit fraud, occupational pension fraud, payroll fraud and (from 2006/07) tenancy fraud. Housing benefit fraud and error continues to be a major problem for many councils. NFI exercises have helped to detect matters such as claimants' undeclared income and those who claim simultaneously from different authorities.
- 4 One of the most successful NFI reports is the listing of persons who are deceased according to the Department for Work and Pensions' (DWP) records, but who continue to be paid an occupational pension. The report has two major benefits for pension paying bodies. Firstly, it enables them to identify pensions that are being paid inappropriately. Secondly, it enables them to replace the life certification process for UK residents with a more effective control, thereby saving both time and resources. Audit Scotland is grateful for the continuing cooperation of the DWP for enabling this valuable process to continue.

- 5 The NFI continues to identify a substantial number of people in receipt of an occupational pension but who have not informed their pension paying authority of their re-employment in the same sector. In some cases, this has resulted in a large abatement of pension.

NFI in Scotland 2006/07

- 6 For 2006/07, all participating bodies are also being given the opportunity to provide creditors standing and history data. Payroll, housing benefit claimants, housing rents and pension payroll (where appropriate) are mandatory data sets. Housing benefit and full-time students data will again be collected from the DWP and the Student Awards Agency for Scotland (SAAS), respectively. Although decisions have still to be made about the inclusion of other public bodies in Scotland, such as health bodies, this handbook includes the data specifications for the information that these bodies may be required to submit for NFI 2006/07.
- 7 A 2004/05 creditors pilot exercise brought such significant results in England that this will be made available as a new risk-based data set type for all bodies as part of NFI 2006/07. As creditors is a new and complicated specification, there is an opportunity to send in test data during June 2006. Instructions on how to take up this opportunity are on the Audit Commission's NFI web page (www.audit-commission.gov.uk/nfi).
- 8 The data specifications for 2006/07 have been available on the Audit Commission's NFI web page since February. They are also included in **appendix 2** of this Handbook.
- 9 The Audit Commission plans to provide the NFI 2006/07 output on 29 January 2007 via a web based application with access to the matches controlled by passwords. This application will be updated to reflect the valuable feedback received from users of the 2004/05 application and prioritisation and analysis will be even easier. Internet Explorer 6 (IE6) or above is recommended for use with the web application. It is intended that the web application will supersede the CD-ROM although in very exceptional circumstances one could be produced.
- 10 The web application will eliminate the need for users to obtain specific permissions locally to load the NFI application, as was the case for some participants in 2004/05. To assist you in using the new web application updated guidelines will be included to help maximise your success.

- 11 It is intended that NFI 2006/07 will match some of the above datasets against UK visa data from the Foreign and Commonwealth Office. The investigation of these matches to your employees should probably be carried out by a nominated Human Resources specialist, as they will potentially involve matches to employees who should not be in the UK or should not be working in the UK because the visa application was:
- refused;
 - granted, but had since expired; or
 - granted for a specific purpose, but the individual is found to be undertaking a different activity (for example, a study visa was granted but the individual was actually working).

Nomination of NFI contacts

- 12 Each participating body is required to nominate a key contact and a data download contact within their organisation who will have extremely important roles in the NFI 2006/07 exercise locally.
- 13 A key contact should be nominated to perform a control and monitoring role. Wherever possible nominations should be made immediately using the updated online NFI Form1 on the NFI web page (www.audit-commission.gov.uk/nfi/form1.asp). A hard copy of this form is in **appendix 3** of this handbook for reference.
- 14 So that the implications of rolling the web application out to all participating bodies can be assessed, a short *web access checklist* has been included on Form 1. This checklist should also be completed immediately.
- 15 The roles of the key contact, data download and other contacts are fully explained in Chapter 4, but briefly, the main duties are as follows:
- **the key contact** will have sole responsibility for coordinating the overall exercise;
 - **the data download contact** will be responsible for providing the download of data and ensuring that the dataset requirement is met as accurately as possible; and
 - **the other contacts** can be nominated if someone other than the key contact is responding to the matches and will deal with specific queries arising from other NFI participating bodies. For example, housing benefit contact, payroll contact and so on. It is particularly important that a Human Resources contact is nominated to review any matches to UK visa data.

- 16 It would greatly improve the NFI communication process if director of finance or chief executive officer (CEO) contact details could also be kept up to date using Form 1. If for any reason, the key contact, director of finance or CEO details change the updated details should be amended using the online Form 1.
- 17 The other forms used for NFI administration have been reviewed and streamlined wherever possible. Details of the changes can be found in **Table 2** below, for example, a completed NFI Form 2 (data submission checklist) should accompany each dataset. All of the NFI forms can be downloaded from the 'forms' section of the Audit Commission NFI web page for completion electronically. They have also been included in **appendix 3** of this handbook for reference.

Making NFI 2006/07 more efficient

- 18 There are a number of measures that can be taken locally to make the NFI process more efficient, including:
- checking Audit Scotland's letter of 30 March 2006 to ensure you are aware of the coverage of the forthcoming exercise;
 - identifying a key contact to be responsible for control and monitoring of the project and ensure the Audit Commission is advised of their contact details;
 - reviewing your data quality summary report from NFI 2004/05 (this can be found under 'View' on the 2004/05 CD-ROM) and making sure the next data submission will comply fully with the NFI data specifications;
 - taking advantage of the option to supply test data for the new creditors data matching throughout June 2006;
 - ensuring the assessment of the new risk-based data types also establishes the availability and quality of data;
 - submitting police and fire data separately from any lead council data; and
 - planning in advance what investigative resources you will need so you can deal with the matches when they first arrive.

2

The Code of Data Matching Practice

- 19 Audit Scotland has designated the NFI to be part of the statutory external audit and bodies are legally obliged to provide the relevant data, which is required under Section 100 of the Local Government (Scotland) Act 1973. The Audit Commission and designated officers in Audit Scotland's Audit Strategy Group assist auditors, for NFI purposes, in accordance with arrangements approved by the Accounts Commission under Section 53 of the Local Government in Scotland Act 2003.
- 20 The Audit Commission's Code of Data Matching Practice 2006 ('the Code') (published on 10 May 2006 and endorsed by the Information Commissioner) updates the principles and practices that audited bodies in England should adopt to ensure appropriate safeguards are built into the NFI, including compliance with the Data Protection Act 1998 and the general law. Audit Scotland plans to issue a similar code prior to the NFI data download in October 2006.
- 21 Section 2.6 of the Code sets out the requirements for ensuring fair collection and disclosure of personal data in accordance with the first data protection principle. **Appendix 1** of the Code provides specimen fair processing notices. The following steps need to be taken prior to submission of the datasets for NFI 2006/07 (although, apart from tenants and new bodies, these steps should have been in place for the 2004/05 NFI in Scotland exercise):
- Informing employees, employee associations or other representative bodies that payroll data will be used. The recommended method of notification is by inserting a note on employee payslips. **Table 1** demonstrates how the examples at **Appendix 1** of the Code may be tailored.
 - Notification to individual pensioners that the exercise is to be carried out. Notification methods include inserting a message on payslips, inclusion of a reference to the initiative in a member newsletter or by individual member letters. A good practice example letter to pensioners, which has been reviewed by Age Concern, is included at **Appendix 1** of the Code.

- Informing all current housing benefit claimants and tenants that data will be used (for example, the wording provided in **Table 1** could be included on an annual rent increase letter or tenant newsletter). Prominent notification should be included on housing benefit claim forms and tenancy applications, as this will capture all future data subjects. Where local authorities use the housing benefit application form HCTB1 (published by DWP), they should note that the full fair processing notification is contained within the accompanying notes to the claim form (at page 5); a limited version is contained within the Part 17 Declaration of the form itself.
- 22** Key contacts are required to complete and return NFI Form 3 (**appendix 3** of this Handbook) to confirm that appropriate fair processing notices, similar to those set out in the Audit Commission Code of Data Matching Practice, have been undertaken.

Table 1**Example wording for fair processing notices to employees and tenants**

1. We are required under Section 100 of the Local Government (Scotland) Act 1973 to participate in the National Fraud Initiative (NFI) data matching exercise.
 2. Payroll data [tenancy data] will be provided to auditors for NFI and will be used for cross-system and cross-authority comparison for the prevention and detection of fraud.
 3. We advise employees [tenants] [applicants] that the data held by the authority in respect of your employment [tenancy] [housing application] will be used for cross-system and cross-authority comparison purposes for the prevention and detection of fraud.
-

3

Data requirements and administrative arrangements

Data requirements

- 23** Bodies should submit their data in accordance with the dataset specifications set out in **appendix 2** of this Handbook.
- 24** The mandatory datasets for NFI in Scotland 2006/07 that are not provided from a single source are housing rents and payroll, including pensions payroll. The other two mandatory datasets ie, housing benefits and full-time students, will be collected from DWP and SAAS respectively. Each body should submit whichever of these are relevant to its functions, that is:
- Councils – payroll, pensions payroll (where relevant) and housing rents.
 - Police forces and fire brigades – payroll and pensions payroll.
 - Scottish Public Pensions Agency – pensions payroll.
 - Student Awards Agency for Scotland – full-time students.
 - Other bodies – payroll.

Risk-based data matching

- 25** New data matching areas, outside the core mandatory elements of NFI, have been included in NFI 2006/07. These new areas reflect a range of risks reported by bodies. Submission of data is optional, but is dependent on two key requirements:
- you have, or are able to get, reasonable quality data; and
 - you should assess if you are at risk in these areas (your external auditor will discuss the risk-based datasets with you and request the data required under Section 100).
- 26** The risk-based data specifications are included in **appendix 2** of this handbook. The areas included under this heading are:
- Creditors payment history and standing data.

- Residents' parking permits, blue badge parking permits and concessionary travel passes (where administered).
- Insurance claims:
 - Data matching will only be undertaken where a significant number of councils in a locality submit their claims data because there needs to be a sufficient spread of data to highlight serial insurance claimants.
- Private care home residents.
- Market trader and taxi driver licences.

Review of the NFI forms

27 The NFI forms have been streamlined as part of the wide-ranging review of NFI and **Table 2** below sets out the new requirements. Hard copy examples of the forms have been included as **appendix 3**, however, all the forms can be downloaded from the Audit Commission NFI web page for completion electronically.

Table 2
NFI 2006/07 forms

New form number	Old form number	Purpose	Location	Submission date
Form 1 nomination of contacts	Form 1	To confirm director of finance details, nominate a key contact, data download contact, other contacts (as required) and inform us of internet access availability	NFI web page and appendix 3 of this handbook	Immediately and whenever there is a change
Form 2 data checklist – creditors	Combination of Form 2 and Form 3	The information provided on this form will assist with the validation of the data submission prior to processing	NFI web page and appendix 3 of this handbook	With the data by 13 October 2006
Form 2 data checklist – other	Combination of Form 2 and Form 3	The information provided on this form will assist with the validation of the data submission prior to processing	NFI web page and appendix 3 of this handbook	With the data by 13 October 2006
Form 3 fair processing notice compliance	Form 6	To confirm to the Audit Commission that the NFI fair processing notices have been undertaken	NFI web page and appendix 3 of this handbook	By 30 September 2006
Form 4 progress return	Form 4	To facilitate collection of the NFI results ie, number of matches that have been selected for review, details of overpayments identified from completed cases and estimates of potential overpayments and details of interesting cases for the national report	This form will be provided with the output on 29 January 2007	See Table 3 (NFI 2006/07 timetable) below

Timetable

- 28 The 2006/07 timetable, from processing of data through to collection of results, is set out in **Table 3**. The results will be distributed on 29 January 2007.

Table 3
NFI in Scotland 2006/07 timetable

Activity	Timing
Nomination of contacts using NFI Form 1 (key contact, data download contact and other contacts if applicable)	Immediately and when changes occur
Opportunity to send creditors test data (see paragraph 8)	During June 2006
Submission of <i>fair processing compliance return</i> (NFI Form 3)	30 September 2006
Data extracted (or as near as possible to)	6 October 2006
Data submitted to Synectics Solutions with a <i>data checklist</i> (NFI Form 2, one for each dataset)	13 October 2006
Synectics Solutions notify key contacts or data download contacts of data problems	From 13 October 2006
Processing and matching	30 November 2006 onwards
Initial output available to participants	29 January 2007
Progress return forms (NFI Form 4) to Audit Commission (see paragraphs 44-46 below for details on what to include these forms)	
• First return	31 May 2007
• Second Return	30 September 2007
• Final return	15 January 2008*

***Note:** A final *progress return* can be submitted at any time if NFI work is completed, but it should be clearly marked 'final'. See paragraph 46 below.

Downloading the data

- 29 Instructions on downloading, acceptable media types and data format can be found in **appendix 1** of this Handbook or on the Audit Commission NFI web page.
- 30 A selection of problems encountered with previous NFI exercises and corresponding solutions are set out in **Table 4**. However, in the event of any other difficulties, including problems with extracting the data outlined in the data specification, the data download contact should liaise with Mark Sanders from Synectics Solutions Ltd (telephone: 01782 664066).
- 31 Assistance will either be provided directly or alternatively a contact at another authority using the same IT systems will be offered who may be able to help.
- 32 Datasets should be sent by registered post or courier, clearly marked with a completed data checklist (NFI Form 2) by 13 October 2006 to: Mark Sanders, Synectics Solutions, The Mount, 566 Etruria Road, Basford, Newcastle under Lyme, Staffordshire, ST5 0SU. Data should not be emailed. Bodies may password protect the data and send passwords separately.

Table 4
Common problems

Problem	Solution
The right to buy flags (ie, 'I' for in progress, 'C' for completed) and former tenant arrears flag (ie, 'F' for former tenant) were not applied correctly to the housing rents data.	Ensure that data extraction routines are validated prior to submission to the Audit Commission.
Some right to buy data was inaccurate in that the data did not relate to the person that had purchased the property.	Ensure that data extraction routines are validated prior to submission to the Audit Commission.
Disks could not be read OR media received was blank or corrupt.	All submissions should be checked before being sent to ensure they are readable.
Zippered files did not unzip properly.	Zippered files should be checked to make sure they can be unzipped.

Problem	Solution
Fields within a data submission are sometimes truncated thereby limiting the use of the dataset.	Check through the first few records to make sure no fields are truncated.
Data is supplied on unacceptable media.	Acceptable media types are outlined in appendix 1 of this handbook and on the NFI web page.
Files contained records of variable length.	If a file is fixed width, all records within that file must be of the same length.
Some files were received with no documentation making field identification difficult.	Follow the download instructions provided in appendix 1 of this Handbook and submit the appropriate forms with the data and a key to any codes used.
Passwords were not supplied with zip files.	Phone (01782 664066) or email (nfi@synectics-solutions.com) the password to Synectics Solutions. Do not send the password with the zipped file.
Critical fields such as National Insurance Number were missing from the submission. This meant a re-submission was required.	Refer to the data specification for the 2006/07 data types that outline the critical fields that need to be submitted.
Currency values submitted in a format other than that specified in the Handbook.	If a non-standard format is used, this should be flagged clearly on the paperwork supplied.
Blank and nil field values were not distinguished in accordance with the NFI required data formats, ie, blank and nil values fields were both filled with a zero rather than being space filled.	Ensure that nil and blank fields are clearly distinguished using a code if necessary.
Date field submission.	Some systems hold dates in dd/mm/yy format, which for dates earlier than 1930 are corrupted on conversion by spreadsheets. For these systems only, supply the data unconverted and identify this on the paperwork.

NFI 2006/07 fees

- 33 The data processing and production of the Scottish NFI matching results for 2006/07 will be out-sourced by the Audit Commission who will pass on their costs to Audit Scotland. Audit Scotland plans to include each body's contribution to these costs within the annual 'fixed charge' for the 2006/07 and 2007/08 audits, unless we can meet the costs from other budget savings (as with the 2004/05 NFI).
- 34 An estimate of the amount that may be added to the 2006/07 fixed charge is therefore set out in **Table 5** for mandatory data and **Table 6** for risk-based data. The 2007/08 NFI charge would be similar but adjusted to take account of the actual datasets processed for each body.

Table 5
NFI 2006/07 fees for mandatory data

Audited body type	2006/07 charge
Councils – large	£1,400*
Councils – medium	£1,200*
Councils – small	£750*
Police Forces	£400*
Fire Brigades	£400*
SPPA	£3,900
SAAS	nil
Other bodies	To be decided

***Note:** There will be no additional charge to the above amounts for the creditors dataset, if requested.

Table 6
NFI 2006/07 fees for risk-based data

Risk-based area	2007 charge (excluding VAT)
Insurance claimants	£300
Residents parking permits, blue badge parking permits and concessionary travel passes*	£300
Private care home residents	£300
Market trader and taxi driver licenses*	£300
Creditors payment history and standing data	£300

***Note:** Data can be submitted in any of these categories, but should be provided as one submission file that is 'flagged' accordingly (see data specifications in appendix 2). This minimises processing costs and subsequent charges to participating bodies.

4

Key issues for bodies

35 Experience has shown that in order for the NFI to be as successful as possible, bodies need to carry out several key tasks prior to investigations commencing. This chapter outlines these actions, and focuses on the role that the key contact needs to play throughout the process to achieve success.

Key contact

36 The key contact role is vital to getting the most fraud and overpayment detection from the NFI, using the minimum input of resources. Ideally, the key contact should marshal the exercise throughout, ensuring that:

- a data download contact is nominated to ensure the highest quality data is submitted (the key contact could also be nominated as the data download contact);
- a contact within Human Resources is identified to deal with or advise on matches relating to your body's employees and, for example, UK visa and failed asylum seeker data;
- contact is made by councils at an early stage with the local office of the DWP to discuss how cases involving income support matches will be dealt with;
- NFI fair processing notice requirements are complied with and NFI Form 3 is completed and returned;
- an appropriately experienced officer carries out an initial review of the results;
- investigators are granted electronic access to all the facilities within the NFI application, for example, list of contact names, guidelines and so on;
- progress of the matches being investigated is monitored and controlled;
- results are reported to the Audit Commission within the required timescales (see **Table 2** above); and
- summary information relating to investigations involving public sector employees is fed back promptly to the employing bodies as per the NFI Information Exchange Protocol (a similar legal framework exists in Scotland).

37 Bodies may also wish to nominate additional contacts to deal with queries from other participating bodies relating to specific matches (for example, housing rents, benefits,

and so on). These additional contacts should be entered via the online NFI Form 1, as should any changes to the contacts or contact details. The key contact should ensure that each person understands their own particular role and that they have read the NFI guidelines and newsletters.

- 38** Training/support sessions were held in Glasgow for NFI in Scotland 2004/05. In addition, on-site support was provided to a significant number of participating bodies. Both of these support facilities will again be provided as part of NFI 2006/07. Further details will be provided in due course.

Planning and initial review

- 39** It is vital that the resources are earmarked for the NFI exercise in advance of receipt of the NFI results. These are scheduled to be distributed, as normal, on 29 January 2007. If there is any significant change to this date, participants will be notified by email. The data matches should be reviewed and investigated as soon as possible to avoid the matches becoming out of date.
- 40** The initial review of the results is a very important step as it helps to identify the priority matches including any sensitive ones. The reports will be colour coded and there will be a filtering facility within most reports to assist you to identify your priority matches.
- 41** The initial review also needs to tailor the investigations to the local circumstances of the individual authorities, for example, the amount of investigation resources available.

Briefing of investigators

- 42** Before investigations begin, the contacts need to be clear of their tasks and have an understanding of the reports they are expected to examine. Experience has shown that where bodies fail to ensure that this happens, fraud and error is missed and valuable investigative resources are wasted.
- 43** A set of guidelines for NFI 2006/07, that everyone involved in NFI should become acquainted with, will be available for January 2007, but prior to this you can find other useful NFI-related information on the Audit Commission NFI web page (www.audit-commission.gov.uk/nfi). Audit Scotland has created a NFI in Scotland web page,

www.audit-scotland.gov.uk/nfi/nfi.htm, to make the main Scottish publications (such as this handbook) available for downloading.

Progress return forms (NFI Form 4)

- 44 Progress returns (NFI Form 4) will be required on 31 May 2007, 30 September 2007 and 15 January 2008. A revised Form 4 will be provided on the NFI 2006/07 application. However, it is envisaged that this information will be entered by participating bodies directly onto the web application. An update on this will be provided with the results in January 2007.
- 45 The *progress return* provides valuable information and should include:
- the number of matches that have been selected for review;
 - details of overpayments identified from completed cases and estimates of potential amounts; and
 - later returns should provide details of interesting cases and an update on overpayment figures.
- 46 A final *progress return* can be sent at any time if NFI work is completed, but it should be clearly marked 'final'. If work is not completed by 15 January 2008, still send in an update and then follow this up as and when significant progress is made and on completion of the NFI work.

Communicating with key contacts

- 47 The Audit Commission and Audit Scotland are committed to improving the effectiveness of NFI and will continue to work closely with investigators to provide regular and timely information to all parties involved in the investigation process. For this reason, it is essential that contact details include an email address.
- 48 The communication plan for 2006/07 includes:
- access to NFI related reference material and news bulletins on our respective NFI web pages;

- periodic letters highlighting important issues that arise during the exercise. These will be sent to CEOs or directors of finance (as specified on contact forms), key contacts and external auditors;
- a NFI helpline (0207 166 2222) and email address (nfiquiries@audit-commission.gov.uk) for participating bodies and other agencies to channel queries direct to the NFI team. If your enquiry is uniquely Scottish or of a non technical nature you can also contact Dave Beveridge on 0131 624 9981 or dbeveridge@audit-scotland.gov.uk; and
- access to the NFI output will be provided to external auditors to assist the local review of progress with the NFI matches and the assessment of audited bodies' arrangements for preventing and detecting fraud and corruption under the Code of Audit Practice.

Appendix 1

Data download instructions, data format and media types

Data download instructions

- 1 The following checks will minimise the risk of the data having to be re-submitted, which typically can cause a delay of more than a week and results in unnecessary increases in download costs for participating bodies. Ultimately, poor-quality data will produce poor-quality matches, therefore it is essential that the NFI key contact ensures that:
 - a data download contact is nominated (ie, whoever extracts the data). This should be the person with the most knowledge of the system in question;
 - the data is extracted and submitted by the required deadlines (**6 October 2006 and 13 October 2006** respectively);
 - the data is readable and complete. If missing data is available from a second, third, etc, system it should be brought across to complete the data submission;
 - the record layout is consistent with the data specification;
 - a 'look up' table is provided that describes the codes used in fields, whether system or manually generated;
 - a data checklist (NFI Form 2) accompanies each data set type;
 - in case the data supplied proves unreadable, copies of any intermediate files should be retained so that the data may be re-supplied;
 - all disks are clearly labelled with the name of your body and the type of data ie, 'creditors payment history and standing data'. This is vital particularly if more than one body's data is submitted on a single disk as we need to ensure the data is processed separately; and
 - data is sent securely. It is recommended that data is either couriered or sent by registered post. Data should not be emailed.

Data format

- 2 Data for the NFI 2006/07 should be extracted in accordance with the data specifications in **appendix 2** and in the following formats:

Data: ASCII (preferred) or EBCDIC.

Date fields: ddmmyyyy (preferred, but ddmmyy acceptable).

Numeric fields: Numeric characters without a £ sign, or decimal point (for example, £123.45 as 12345). The use of binary fields should be avoided. If monetary values cannot be supplied these should be space filled (as for blank fields below). Please do not insert a zero.

Character fields: If a field type is neither a date nor numeric (ie, alpha numeric) this is referred to as a 'character' field for the purposes of this exercise, ie, fields such as 'VAT registration number', 'suppliers invoice number' that are a combination of letters and numbers.

Blank fields: should be space filled for fixed-length records. For CSV records, the blank field must still be represented by a delimiter.

Fixed length or character-delimited records (for example, CSV) are acceptable. If commas (,) or inverted commas ("") appear within any of the data fields, a pipe (|) should be used as a field delimiter instead of the conventional comma.

Media types

- 3 Data can be submitted on either, Digital Audio Tape (DAT), DVD, CD-ROM or 3.5-inch DOS diskette.
- 4 Please avoid the use of backup software, such as MSBACKUP, when copying files to diskettes, as this sometimes causes recovery problems. When copying to diskette, files may be compressed using the PKZIP or WINZIP utilities. Other utilities should only be used if a copy of the decompression program is provided (without contravening software licensing), together with a note of the decompression command to use.

Appendix 2

The specifications

- 5 There is a separate data specification for each dataset type collected for the NFI. **Table 7** below shows the mandatory dataset types and **Table 8**, overleaf, the risk-based dataset types. Refer to paragraph 24 above for details of which data sets are applicable to each participating body. Participation in the risk-based data matching will be based on a local risk assessment of these areas. External auditors will be able to help assess this risk.
- 6 Before extracting data, you should refer to the data download instructions, data formats and media types set out in the above paragraphs.
- 7 The data for the 2006/07 exercise should be extracted on 6 October 2006 (or as near as possible to this date to include data up to 30 September 2006) for submission by, no later than, 13 October 2006.

Table 7

Mandatory data types

- Payroll and pensions
 - Housing rents
 - Housing benefits – provided by Department for Work and Pensions (DWP)
 - Full time students – provided by Student Awards Agency for Scotland (SAAS)
-

Table 8
Risk-based data types

- Creditor payment history and standing data*
- Insurance claimants**
- Private care home residents
- Residents' parking permits, blue badge parking permits and concessionary travel passes
- Market trader and taxi driver licences

***Note:** Creditors is mandatory for bodies in England and Wales but risk-based in Scotland

****Note:** data matching will only be undertaken where a significant number of councils in a locality submit their claims data because there needs to be sufficient spread of data to highlight serial insurance claimants.

Payroll (and pensions payroll) – revised for NFI 2006/07

- 8 The standard specification for payroll and pensions payroll is set out in **Table 9** and has been updated since the previous NFI exercise.
- Data is required from all payrolls (for example, monthly, weekly, and quarterly, members, teachers and pensions). However, data should not be provided in respect of payrolls processed for other organisations on an agency basis **unless** this has been authorised by the organisation.
 - Pensions payroll should be provided as a **separate dataset**, clearly labelled as such and with its own data checklist.
 - Pension authorities may also submit **deferred** pensions data (for matching against deceased persons only) but this must also be as a separate dataset.
 - If pension gratuities are submitted, they should be flagged appropriately (see comments by 'teacher flag' field in the specification).
 - Please ensure that there is only a **single** record for each employee reference number.
 - Data should be only submitted for **current** employees/pensioners.

Table 9
Payroll and pension payroll (revised for NFI 2006/07)

Field name	Data format	Comments
Employee reference number	Character	
Employee post number	Character	
Department code	Character	
Title or sex	Character	
Surname	Character	
Forename(s)	Character	
Address line 1	Character	
Address line 2	Character	
Address line 3	Character	
Address line 4	Character	
Post code	Character	
Date of birth	Date	
Date started	Date	Pension or employment
Date left	Date	Included as an independent check that only current employees are included
Leaver indicator	Character	
Pensioner's widow indicator	Character	The inclusion of a widow/widower indicator is only relevant for pensions payroll only.
National insurance number	Character	
Full-time/part-time flag	Character	Eg: F = full time (employed for more than 30 hours per), P = part time (less than 30 hours a week).
Gross pay to date this year	Numeric	As at 6 October 2006, or as near as possible to this date to include data up to 30 September 2006. Do not submit record if this field is zero.
Standard hours per week	Numeric	Eg: 16 hours as 1600
Date last paid	Date	

Field name	Data format	Comments
Teacher flag	Character	Revised – This field should be set to 'T' for a teacher, 'G' for pensions gratuities and 'N' for everyone else. (N.B. only education authorities need to complete this field, other authorities should leave it blank).
Sort code*	Character	New – 6 numeric characters in groups of 2 which may be separated by hyphens, eg, 20-45-23.
Bank account*	Character	New – Usually 9 numeric characters.
Building society roll number*	Character	New – Building societies have a roll number where payments are disbursed to after being paid into a single account. This should be blank for normal bank accounts.

***Note:** Relevant for payroll submissions only.

Creditors payment history and standing data

The standard specification for creditors payment history and standing data is shown in **Table 10** below. It is vital that creditors guiding principles (available on the NFI web page) are read in conjunction with this data specification as it contains important information to consider before extracting any data.

Table 10
Creditors payment history and standing data

Standing data		
Field name	Data format	Comments
Creditor reference	Character	This is the unique identifier for an individual creditor. This can be in the form of a numeric or alpha numeric string. Please include ALL of the components that make up this unique identifier.
Creditor name	Character	
Alternative payee	Character	Eg: it could be the name or even the reference of a factoring company
Address 1	Character	If the address is held in a single field, use the Address 1 field
Address 2	Character	
Address 3	Character	
Address 4	Character	
Postcode	Character	
Telephone number	Character	This may or may not have the area/STD code. It should be output as a character field so the leading zeros are not lost
VAT reg number	Character	This should be in the form of a 9 figure number, but should not be numeric as this could lose any leading zeros
Bank sort code	Character	6 numeric characters in groups of 2 which may be separated by hyphens, eg, 20-45-23
Bank account number	Character	Usually 9 numeric characters
Building Society Roll number	Character	Building societies have a roll number where payments are disbursed to after being paid into a single account. This should be blank for normal bank accounts.
Creditor type	Character	Eg: 0 = trade, 1 = benefits, 2 = payroll, 3 = factor, 4 = grants, 5 = temporary/one-off, etc. Then provide a key to the codes used. If these identifiers are not available from the system it would be to your advantage to populate this field manually as it will enable you to filter the output more easily and focus resources on what you may deem to be the most worthwhile matches.

History data		
Field	Data format	Comments
Creditor reference	Character	This is the same reference as shown in the standing data specification.
Suppliers' invoice number	Character	This should be the reference shown on the supplier's invoice – usually a number but may have alpha prefixes or suffixes.
Internal/system invoice number	Character	Most systems generate a unique, sequential transaction number so all invoices, credit notes, payments, etc, can be separately identifiable.
Invoice date	Date	This should be the date on the invoice, but could be the date of input if the invoice date is not available.
Due date	Date	This may be automatically generated by the system according to the conditions attached to each creditor.
Payment date	Date	If the invoice has not been paid then leave blank (see paragraph 5 above). If your system enters a default date and therefore you can't leave it blank, please tell us what the default date is.
Total invoice amount	Numeric	The 'total invoice amount' is inclusive of VAT, less any discount . However, some systems hold VAT exclusive amounts, with the VAT figure held separately. In this case these figures should be added together to produce the 'total invoice amount'.
VAT amount	Numeric	This should be separately identifiable for each invoice but could be nil.
Method of payment	Character	Eg: BACS, cheque, cash, payable order, etc. If codes are used, a 'key' to the codes should be sent with the data submission.
Payment reference number	Character	This field should contain the cheque, payable order (PO) or BACS reference number by which the invoice was paid. This means that invoices that have been paid together would have the same cheque/PO/BACS number.
Remarks	Character	Describes, in text narrative, what the payment relates to.

Housing rents – new for NFI 2006/07

The standard specification for housing rents is set out in **Table 11**. Data should be submitted for:

- current tenants who are heads of household (primary tenant) including those where a right to buy purchase is in progress;
- former tenants with arrears of £1,000 or more where a current address is not available; and
- former tenants who made a right to buy application.

The right to buy data should include applications made from 1 April 2003 to the date of extract, or as a minimum 1 April 2005 to date.

Table 11
Housing rents specification – new for 2006/07

Field name	Data format	Comments
Tenant status flag*	Character	Insert a 'P' flag in this field for the primary tenant (head of household) or insert 'S' for the secondary/other tenant.
Surname	Character	
Forename(s)	Character	
Address line 1	Character	
Address line 2	Character	
Address line 3	Character	
Address line 4	Character	
Post code	Character	
Date of birth	Date	
Number living permanently at address	Numeric	
Tenant/account reference	Character	Any reference that is used to uniquely identify the person.
Housing benefit reference	Character	Include in this field the housing benefit reference by which the claimant is recognised.
Former tenant flag	Character	Insert 'F' in this field for former tenants.
Amount of former tenant arrears	Numeric	Only provide where a monetary value of £1,000 and above is still outstanding.
Right to buy flag	Character	Insert an 'I' in this field to identify properties where a purchase is in progress under right to buy or a 'C', where the purchase is complete .
Tenancy start date	Date	New field
Tenancy end date	Date	New field
Right to buy completion date	Date	New field

***Note:** Ideally, data should only be provided for the primary tenant (that is, the head of household). If primary tenant data cannot be provided in isolation then an 'S' should be inserted in this field where data relates to secondary or other tenants.

Risk-based data types

The data specifications for the 2006/07 risk-based data match types are set out in **Tables 12 – 15** below. The creditors specifications are shown in **Table 10** above.

Table 12
Insurance claimants

This data submission should contain claim details from 1 April 2003* to the date of extract, or as a minimum 1 April 2005* to date.

Field name	Data format	Comments
Case/claim reference	Character	
Title	Character	
Surname	Character	This should be the claimants details, eg, NOT the Solicitor
Forename	Character	
Address line 1	Character	This should be the claimants home address eg, NOT the Solicitor's address
Address line 2	Character	
Address line 3	Character	
Postcode	Character	
Claimant's occupation	Character	
Date of birth	Date	
National insurance number	Character	
Witness title	Character	
Witness surname	Character	
Witness forename	Character	
Witness address line 1	Character	
Witness address line 2	Character	
Witness address line 3	Character	
Witness postcode	Character	
Witness NINO	Character	
Incident date	Date	

***Note:** Based on the 'date claim received' ie, date received at the claim handler.

Field name	Data format	Comments
Time of incident	Character	
Nature of incident	Character	Include a brief description only.
Nature of injuries	Character	
Details of financial losses incurred	Character	
Location of incident	Character	
Date claim received	Date	ie, received at claims handler.
Insurer	Character	
Total cost	Numeric	Include actual payments and estimates.
Date paid	Date	Please provide the date the claim was paid (ie, date settled).
Solicitor	Character	
Claims agent or farmer	Character	
Status	Character	Insert a flag in this field to indicate the status of the claim as follows: Open = 'O', Closed = 'C', Repudiated = 'R'.
Name of expert	Character	

Table 13
Private care home residents

Field name	Data format	Comments
Case reference	Character	
Title	Character	
Surname	Character	
Forename	Character	
Middle name or middle initial	Character	
Current address line 1	Character	This should be the care home address
Current address line 2	Character	
Current address line 3	Character	
Current address line 4	Character	
Current address postcode	Character	
Date of admission	Date	
Previous address line 1	Character	
Previous address line 2	Character	
Previous address line 3	Character	
Previous address line 4	Character	
Previous address postcode	Character	
Date of birth	Date	Better quality matches will be achieved by submitting this data
National insurance number	Character	

Table 14
Residents' parking, blue badges and concessionary travel

Field name	Data format	Comments
Reference number	Character	
Title	Character	
Surname	Character	
Forename	Character	
Middle name or middle initial	Character	
Address 1	Character	
Address 2	Character	
Address 3	Character	
Address 4	Character	
Postcode	Character	
Date of birth	Date	
National insurance number	Character	
Permit start date	Date	
Permit expiry date	Date	
Permit type flag*	Character	Please insert a flag to indicate the type of data submitted ie, B = blue badge permit, R = resident permit and F = Freedom pass/ concessionary travel.

***Note:** Data can be submitted in any of these categories, but should be provided as one submission file that is 'flagged' accordingly (see data specifications in appendix 2). This minimises processing costs and subsequent charges to participating bodies.

Table 15
Market trader and taxi driver licences

Field name	Data format	Comments
Reference number	Character	This is the reference that is used to uniquely identify the individual e.g. license number, registration number, etc.
Title	Character	
Surname	Character	
Forename	Character	
Middle name or middle initial	Character	
Address line 1	Character	
Address line 2	Character	
Address line 3	Character	
Address line 4	Character	
Address postcode	Character	
Date of birth	Date	
National insurance number	Character	
System type flag*	Character	Please insert a flag to indicate the type of data submitted ie, M = market trader and T = taxi driver.

***Note:** Data can be submitted in any of these categories, but should be provided as one submission file that is 'flagged' accordingly. This minimises processing costs and subsequent charges to participating bodies.

Appendix 3

NFI forms

The forms for the NFI 2006/07 exercise, as set out in **Table 2**, page 12, are:

NFI Form 1 (including web access checklist)

This form should be completed immediately online via the Audit Commission NFI web page (www.audit-commission.gov.uk/nfi/form1.asp). The copy below is for information purposes only. Changes should be updated online as they occur.

Form 2 – data submission checklist

There are two versions of this form, one for creditors data and one for all of the remaining data set types. A completed Form 2 should accompany the data submission. An electronic copy of this form can be downloaded from the NFI web page for completion electronically and a copy is also provided below.

Form 3 – fair processing notice compliance return (previously Form 6)

This form has been provided perforated so that it can be detached, completed, signed and returned to the address provided on the form. Please refer to chapter 2 above prior to completion of this form.

NFI Form 1

Nomination of contacts (including a web access checklist)

Chief executive officer or director of finance (as preferred by body)

Title	Mr/Mrs/Ms/Miss/other please specify
Forename	
Surname	
Authority	
Full job title	
Address line 1	
Address line 2	
Address line 3	
Address line 4	
Postcode	
Email*	
Telephone	
Fax	

Web access checklist

Do you have access to the Internet?

What browser do you use to access the Internet?
For example 'Internet Explorer'

What version of Internet Explorer do you have?
For example: 'IE6'
(open Internet Explorer, select 'Help' on the toolbar the select 'About Internet Explorer')

If you cannot answer the above questions please contact Mark Sanders via 01782 664066

***Note:** the Audit Commission's preferred method of communication is via electronic mail. It is therefore vital that you provide these details wherever possible.

Key contact, data download contact, other contacts

Title	Mr/Mrs/Ms/Miss/other please specify
Forename	
Surname	
Authority	
Full job title	
Address line 1	
Address line 2	
Address line 3	
Address line 4	
Postcode	
Email*	
Telephone	
Fax**	

***Note:** the Audit Commission's preferred method of communication is via electronic mail. It is therefore vital that you provide these details wherever possible.

****Note:** A fax number should only be provided if the fax machine is in a secure location for the receipt of confidential information.

Please notify us of any changes to this information as soon as possible.

NFI Form 2

Data submission checklist (creditors)

Please return a completed copy of this form with the creditors datasets by **13 October 2006** to Mark Sanders, Synectics Solutions Ltd, The Mount, 566 Etruria Road, Basford, Newcastle under Lyme, Staffordshire, ST5 0SU.

Authority name	<input type="text"/>	
Contact name	<input type="text"/>	
Role	<input type="text"/>	
Telephone number	<input type="text"/>	
Email address	<input type="text"/>	
Name of creditor system and computer operating system	<input type="text"/>	
Supplier of creditor system (eg, Capita)	<input type="text"/>	
Standard length of creditor reference field	<input type="text"/>	
Format of creditor reference (eg, ABC12345 = 3 x alpha, 5 x numeric)	<input type="text"/>	
Standard length of internal/system invoice number	<input type="text"/>	
	Standing data	History data
Number of records in each file	<input type="text"/>	<input type="text"/>
Period covered on history data (invoice dates)		to
File size (Mb)	<input type="text"/>	<input type="text"/>
Data agrees to specification	Tick ✓ <input type="checkbox"/>	Tick ✓ <input type="checkbox"/>
Media to specification	Tick ✓ <input type="checkbox"/>	Tick ✓ <input type="checkbox"/>
File contents checked	Tick ✓ <input type="checkbox"/>	Tick ✓ <input type="checkbox"/>
A file layout is enclosed (to show how the fields in the data submission relate to the AC specification)	Tick ✓ <input type="checkbox"/>	Tick ✓ <input type="checkbox"/>

A sample record print is enclosed
(eg, 1st page of records)

'Total invoice amount' **includes** VAT

Only **active** creditors have been included
ie, not dormant or inactive

A 'key' to the codes used is enclosed:

- creditor type
- method of payment

Default 'Payment Date' for unpaid invoices is

Standing data **History data**

Tick ✓ Tick ✓

Tick ✓

Tick ✓

Tick ✓

Tick ✓

d d m m y y y y

NFI Form 2

Data submission checklist (other systems excluding creditors)

Please return a completed copy of this form **with each dataset** by 13 October 2006 to Mark Sanders, Synectics Solutions Ltd, The Mount, 566 Etruria Road, Basford, Newcastle under Lyme, Staffordshire, ST5 0SU.

Authority name	<input type="text"/>
Contact name	<input type="text"/>
Role	<input type="text"/>
Telephone number	<input type="text"/>
Email address	<input type="text"/>

Which dataset?

Payroll/pensions/ housing rents/insurance/ private care homes/ residents' parking, blue badges and concessionary travel/market traders and taxi drivers.

Name of system (eg, Academy)	<input type="text"/>
Name of computer operating system (eg, Unix)	<input type="text"/>
Number of records in file	<input type="text"/>
File size (Mb)	<input type="text"/>

Please check your data submission against the list below:

Data enclosed	Tick ✓	<input type="checkbox"/>
Data to specification	Tick ✓	<input type="checkbox"/>
Media to specification	Tick ✓	<input type="checkbox"/>
File contents checked	Tick ✓	<input type="checkbox"/>
File layout enclosed	Tick ✓	<input type="checkbox"/>
Sample record print enclosed	Tick ✓	<input type="checkbox"/>
Details of data codes enclosed	Tick ✓	<input type="checkbox"/>

Please ensure that:

- a reasonableness check is done on the number of records in each file;
- all disks are **clearly labelled** with your body's name and the dataset(s) contained on the media; and
- data is sent **securely**. We recommended that data is either **couriered** or sent by **registered post. Do not email the data.**

This information will be used to address data quality issues and assess the results of matching runs.

NFI Form 3

Fair processing notice compliance return

To be returned by no later than **30 September 2006** to Audit Commission, c/o Synectics Solutions Ltd, The Mount, 566 Etruria Road, Basford, Newcastle under Lyme, ST5 0SU.

Authority name

Systems (tick as appropriate):

Housing benefits (see paragraph 21 above)

Full time students (the application form used by SAAS includes the relevant fair processing notice)

Payroll

Pensions payroll

Housing rents

Insurance

Residents parking, blue badges and concessionary travel

Market traders and taxi drivers

Declaration: I confirm that appropriate steps (as outlined in paragraph 21 of the NFI 2006/07 Handbook) have been taken to notify data subjects (or their representatives) held in the above named systems that the data may be used for the prevention and detection of fraud.

Signature

Full name (please print)

Full job title

Telephone number

Email address

Date

Please retain a copy of the completed form for audit purposes

If you require this publication in an alternative format and/or language, please contact us to discuss your needs.

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