

National Fraud Initiative

Self-appraisal checklist



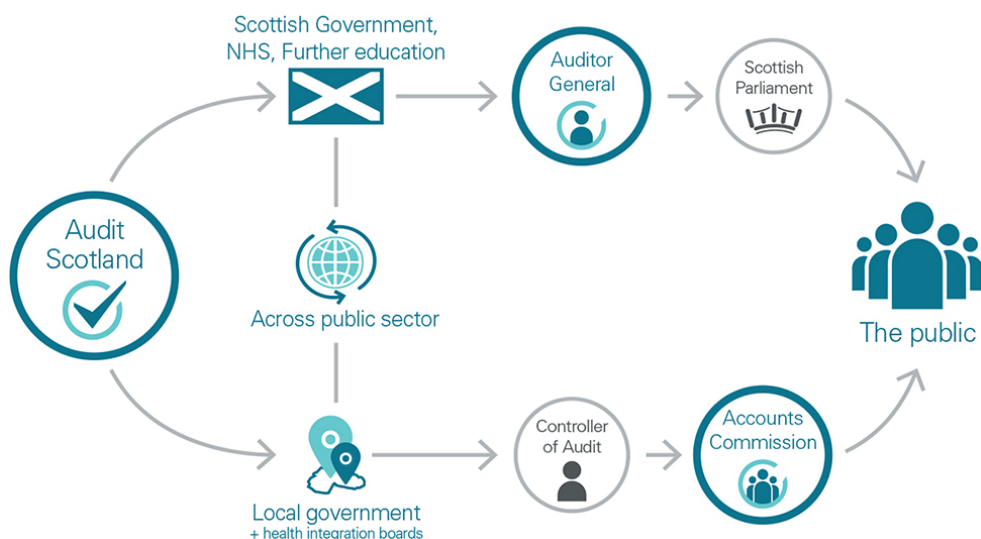
 AUDIT SCOTLAND

March 2018

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non – executive board chair, and two non – executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world – class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

Contents

| | |
|---|---|
| Background | 4 |
| Self-appraisal checklist | 4 |
| How to work more efficiently | 4 |
| Appendix 1 – self appraisal checklist | 5 |
| Appendix 2 – How to work more efficiently | 9 |

Background

1. The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise led by Audit Scotland, and overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems that might suggest the existence of fraud or error.

2. It means that public bodies can take action if any fraud or error has taken place, and it allows auditors to assess fraud prevention arrangements which those bodies have.

Self-appraisal checklist

3. Appendix 1 includes a two-part checklist that we encourage all participating bodies to use to self-appraise their involvement in the NFI prior to and during the NFI exercises.

4. Part A is designed to assist audit committee members when reviewing, seeking assurance over or challenging the effectiveness of their body's participation in the NFI.

5. Part B is for officers involved in planning and managing the NFI exercise.

How to work more efficiently

6. Audit Scotland continues to encourage organisations to review and investigate NFI matches efficiently and effectively. This enables them to make better use of their limited resources. Some suggestions for improving efficiency and effectiveness are included at appendix 2.

Appendix 1 – self appraisal checklist

| Part A: For those charged with governance | Yes/No/Partly | Is action required? | Who by and when? |
|--|---------------|------------------------|---------------------|
| Leadership, commitment and communication | | | |
| 1. Are we committed to NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff? | | | |
| 2. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error? | | | |
| 3. Have we considered using the real-time matching (Flexible Matching Service) facility and the point of application data matching service offered by the NFI team to enhance assurances over internal controls and improve our approach to risk management? | | | |
| 4. Are the NFI progress and outcomes reported regularly to senior management and elected/board members (eg, the audit committee or equivalent)? | | | |
| 5. Where we have not submitted data or used the matches returned to us, eg council tax single person discounts, are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are? | | | |
| 6. Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases? | | | |

| Part A: For those charged with governance | Yes/No/Partly | Is action required? | Who by and when? |
|--|----------------------|--------------------------------|-----------------------------|
| 7. Do we review how frauds and errors arose and use this information to improve our internal controls? | | | |
| 8. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (eg, successful prosecutions)? | | | |

| Part B: for the NFI key contacts and users | Yes/No/Partly | Is action required? | Who by and when? |
|--|----------------------|--------------------------------|-----------------------------|
| Planning and preparation | | | |
| 1. Are we investing sufficient resources in the NFI exercise? | | | |
| 2. Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available? This includes considering the quality of data. | | | |
| 3. Is our NFI Key Contact (KC) the appropriate officer for that role and do they oversee the exercise properly? | | | |
| 4. Do KCs have the time to devote to the exercise and sufficient authority to seek action across the organisation? | | | |
| 5. Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that NFI can deter fraud and that there is value in the assurances that we can take from low outcomes? | | | |
| 6. Do we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements? | | | |
| 7. Do we plan to provide all NFI data on time using the secure data file upload facility properly? | | | |

| Part B: for the NFI key contacts and users | Yes/No/Partly | Is action required? | Who by and when? |
|--|---------------|------------------------|---------------------|
| 8. Do we adequately consider the submission of any 'risk-based' data-sets in conjunction with our auditors? | | | |
| 9. Have we considered using the real-time matching (Flexible Matching Service) facility and the point of application data matching service offered by the NFI team to enhance assurances over internal controls and improve our approach to risk management? | | | |
| Effective follow up of matches | | | |
| 10. Do all departments involved in NFI start the follow-up of matches promptly after they become available? | | | |
| 11. Do we give priority to following up recommended matches, high-quality matches, those that become quickly out of date and those that could cause reputational damage if a fraud is not stopped quickly? | | | |
| 12. Do we recognise that NFI is no longer predominantly about preventing and detecting benefit fraud? Have we recognised the wider scope of NFI and are we ensuring that all types of matches are followed up? | | | |
| 13. Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular? | | | |
| 14. (In health bodies) are we drawing appropriately on the help and expertise available from NHS Scotland Counter Fraud Services? | | | |
| 15. Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Procurator Fiscal)? Are we recovering funds effectively? | | | |

| Part B: for the NFI key contacts and users | Yes/No/Partly | Is action required? | Who by and when? |
|--|----------------------|--------------------------------|-----------------------------|
| 16. Do we avoid deploying excessive resources on match reports where early work (eg, on recommended matches) has not found any fraud or error? | | | |
| 17. Where the number of recommended matches is very low, are we adequately considering the related 'all matches' report before we cease our follow-up work? | | | |
| 18. Overall, are we deploying appropriate resources on managing the NFI exercise? | | | |
| Recording and reporting | | | |
| 19. Are we recording outcomes properly in the secure website and keeping it up to date? | | | |
| 20. Do staff use the online training modules and guidance on the secure website and do they consult the NFI team if they are unsure about how to record outcomes (to be encouraged)? | | | |
| 21. If, out of preference, we record some or all outcomes outside the secure website have we made arrangements to inform the NFI team about these outcomes? | | | |

Appendix 2 – How to work more efficiently

| Concerns | How to work more efficiently |
|--|--|
| Many participants are not using the latest time-saving enhancements to the NFI software. | Ensure staff within the organisations that take part in the NFI keep up to date with new features of the web application and good practice by reading the guidance notes and watching the online training modules before they begin work on the matches. |
| Matches that are time critical and could identify an overpayment are not acted on first. | Key contacts should schedule staff resources so that time-critical matches, such as housing benefit to students and payroll to immigration, can be dealt with as soon as they are received. |
| Investigations across internal departments are not coordinated resulting in duplication of effort or delays in identifying overpayments. | Key contacts should coordinate investigations across internal departments and, for example, organise joint investigation of single person discount matches involving housing benefit, to ensure all relevant issues are actioned. |
| Disproportionate time is spent looking into every match in every report. | Use the tools within the web application, such as the filter and sort options or data analysis software, to help prioritise matches that are the highest risk. This will save time and free up staff for the most important investigations. |
| Enquiries from other organisations that take part in the NFI are not always responded to promptly. | Prioritise responses to enquiries from other organisations so investigations can be progressed. |
| Data quality issues that are highlighted within the web application are not addressed before the next NFI exercise. | Review the quality of the data supplied before the next exercise as external providers normally have to phase in changes to extraction processes. Better data quality will improve the quality of resulting matches. |

Source: Cabinet Office NFI team

The National Fraud Initiative

Self-appraisal checklist

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