

Audit scope

The National Fraud Initiative in Scotland



Prepared by Audit Scotland

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Background

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 is part of a range of measures in place across the Scottish public sector which aim to prevent and detect fraud.

NFI runs every two years and uses data matching to compare information about individuals held by different public bodies that might suggest the existence of fraud or error. The review of NFI matches may also identify that a customer is entitled to additional services or payments.

Data matching is undertaken in a number of areas, including matching:

- council tax records to the latest electoral register

- housing benefit claimants to public-sector payroll and occupational pensions
- public-sector pensions to payroll and deceased persons' records
- blue parking badges to deceased persons' records.

The latest NFI data matching activity has been ongoing across the Scottish public sector since autumn 2020. We are now collating the results of this activity and will publish a report on our findings in summer 2022.

Why is this audit important?

Our last [NFI report](#) in June 2020 highlighted that a total of £15.3 million of fraud and error had been recorded in the previous two years. At that time, the cumulative total of fraud and error identified since the NFI began in 2006 was £143.6 million in Scotland and £1.93 billion across the UK.

These figures include fraud and error that had been detected, as well as an estimate of future losses that have been prevented.

This year's report will comment on the amount of fraud and error identified in the most recent NFI data matching activity. It will use case studies from public bodies to illustrate the impact that NFI is having in Scotland. It will also review how well Scottish public bodies are managing the exercise, including their investigation of the data matches.

How will we carry out this audit?

Audit Scotland has a coordinating role for the NFI exercise in Scotland. We work closely with public bodies, external auditors and the Cabinet Office to complete the NFI data sharing and matching exercise. We will gather information on the financial outcomes from the exercise about the fraud and error detected and prevented, and overpayments recovered.

We will also use information provided by external auditors about the effectiveness of public bodies' NFI arrangements, including their progress with investigating NFI data matches.

What do we want to happen as a result?

The report will focus on the following key areas to demonstrate how NFI is making a difference to Scotland's public sector:

- assess the effectiveness of the NFI exercise in preventing and detecting fraud and error, and the amount of overpayments recovered
- assess the costs and benefits of active engagement with NFI
- publicise successful counter-fraud measures.

Timetable and contact

We aim to publish our report in summer 2022. Following publication, we will present the findings to the Scottish Parliament's Public Audit Committee.

If you have any questions about this audit, please get in touch with Anne Cairns, Manager, on 0131 625 1926 or by email at acairns@audit-scotland.gov.uk.



Audit Scotland, 4th Floor,
102 West Port, Edinburgh EH3 9DN
T: 0131 625 1500
E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk