

The National Fraud Initiative in Scotland 2020/21

Instructions for participants



 AUDIT SCOTLAND

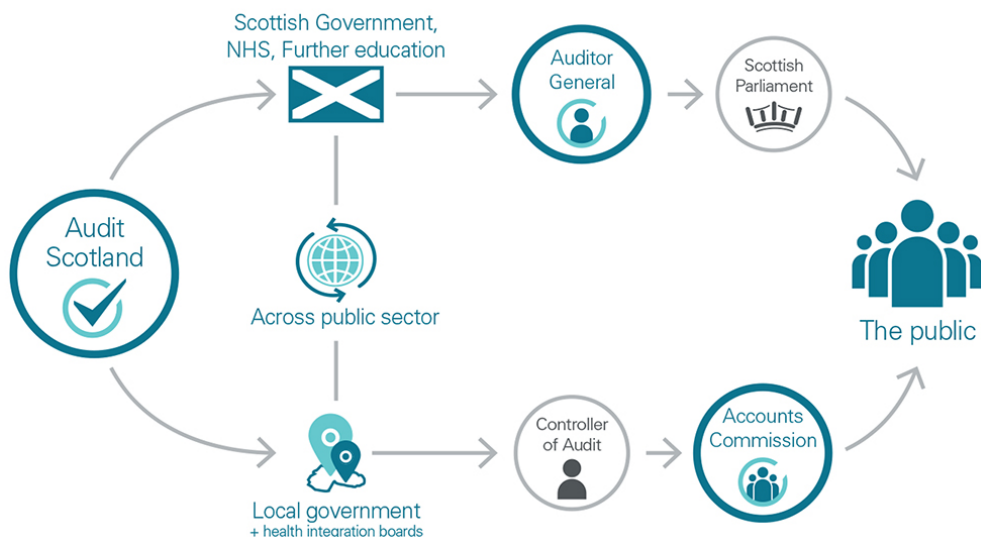
Prepared for NFI participants

August 2020

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.

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Key messages

- 1** Public bodies spend billions of pounds of taxpayers' money for the benefit of the Scottish population. Public spending systems are complex and mistakes can happen. Some people also seek to exploit the systems and fraudulently obtain services and benefits to which they are not entitled.
 - 2** Fraud does not recognise organisational or geographic boundaries. Sharing data allows organisations to match data held in different systems in their own organisation and held in other organisations.
 - 3** The National Fraud Initiative (NFI) exercises significantly contribute to the security and transparency of public sector finances. Public bodies' participation in the NFI helps confirm that services are provided to the correct people and helps reduce fraud and error.
 - 4** Audit Scotland, working closely with public bodies, their external auditors and the Cabinet Office, is commencing another major NFI data sharing and matching exercise for 2020/21.
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Introduction

Purpose

1. The National Fraud Initiative (NFI) is a data matching exercise which matches electronic data within and between participating bodies to prevent and detect fraud. Audit Scotland's report on [the 2018/19 NFI exercise](#) explains the exercise in more detail, including the governance arrangements. [The Code of Data Matching Practice](#) sets out further guidance on data governance, which all public bodies participating in data matching must have regard to.
2. Audit Scotland carries out data matching under part 2A of the Public Finance and Accountability (Scotland) Act 2000. This legislation provides that Audit Scotland may carry out data matching exercises, or arrange for them to be carried out on its behalf. The Cabinet Office's NFI team carries out the matching work on our behalf and Audit Scotland prepares a report on the results.

The NFI contributes to the security and transparency of public sector finances

The Cabinet Office

3. The Cabinet Office processes the data for NFI in Scotland on behalf of Audit Scotland, and provides its secure website and NFI application for participating bodies and auditors in Scotland to use.
4. The Cabinet Office prepares instructions for participants which are available on its website:
<https://www.gov.uk/government/collections/national-fraud-initiative>
5. Scottish participants should refer to the instructions on the Cabinet Office website. Where arrangements in Scotland differ, or where the Cabinet Office's instructions do not adequately address Scottish arrangements, further guidance is provided in this document. In all other cases, the guidance on the Cabinet Office website applies to Scottish participants.
6. The Cabinet Office website includes a section on fees for NFI participants. Scottish bodies do not have to pay separate fees for the main NFI - the costs of participating in the two yearly NFI exercise are met through I funding to Audit Scotland from the Scottish Parliament.

This guidance



7. This guidance document will be updated as required. When changes are made, Key Contacts in participating bodies will be informed.

New participants

8. New participants in the NFI should confirm the contact details of the Senior Responsible Officer for the NFI (usually the Director of Finance) and Key Contact details to Audit Scotland and also record this information on the Cabinet Office's NFI web application. The Senior Responsible Officer, who will have received an email from Audit Scotland, should send the name, email address and telephone number of the Key Contact as described in the email.
9. The Key Contact will then need to set up appropriate users in their organisation to carry out the data upload and subsequent investigation of matches, and coordinate the investigations.

Timetable

10. The key dates for NFI 2020/21 are set out in the table below.

|  Date |  Event |
|--|--|
| By 31 July 2020 | The Cabinet Office publishes the 2020/21 NFI final data specifications and instructions. |
| By Friday 25 September 2020 | Participants submit privacy notice compliance returns in the NFI web application. |
| Between 9 and 13 October 2020 | Participants extract and submit 2020/21 NFI data to the NFI web application through the National Exercise menu, in accordance with the data specifications . Data should be extracted from systems as at 30 September 2020 (unless otherwise stated in the data specification). |
| 14 October 2020 onwards | <p>The Cabinet Office NFI team sends automatically generated reminders to participants who have not submitted expected datasets.</p> <p><i>Failure to submit all data promptly may result in some datasets being excluded from the matching process for the results release at the end of January.</i></p> |
| From 30 November 2020 | Participants extract electoral register and council tax data. |
| From 30 November 2020 | <p>Participants upload electoral register and council tax data to the NFI web application via the ReCheck menu.</p> <p>The matches will be available immediately after both datasets are uploaded.</p> <p>The deadline for submission is 29 January 2021.</p> |
| From 28 January 2021 | <p>The Cabinet Office's NFI team makes the 2020/21 NFI exercise matches available for investigation by participating bodies.</p> <p><i>An email link will be sent to Senior Responsible Officers and Key Contacts as a reminder that the matches are available.</i></p> |
| June 2021 | Auditors will review NFI governance arrangements and initial progress in reviewing matches. |
| 31 March 2022 | Audit Scotland will use the outcomes as at this date for its national report. |

Summer 2022

Audit Scotland will publish the 2020/21 NFI report.

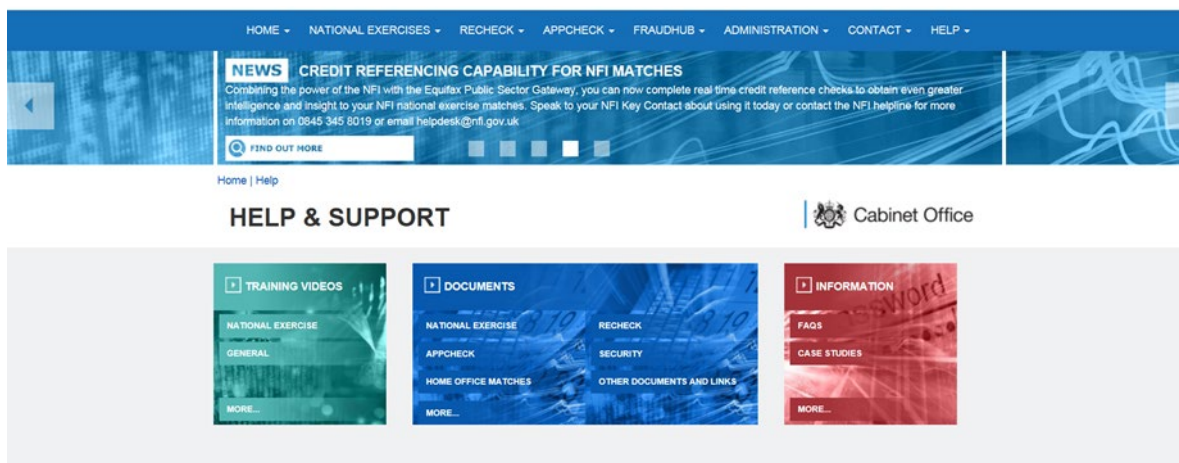
- 11.** The following link takes you to the detailed timetable for the [2020/21 NFI exercise](#) on the Cabinet Office website.

Training

12. The secure NFI site has guidance available to all users from the help menu. Each type of match report has a different purpose and therefore every report contains an important information popup that details the purpose and suggested approach to the report. You can use this information to help decide your organisation's priority reports.

Exhibit 1

Training and support available on the NFI web app



Source: The Cabinet Office National Fraud Initiative secure website

Data requirements

13. Where possible, the NFI will collect data in bulk from the relevant organisation. For example, in Scotland, data relating to housing benefit and to students eligible for a loan will be collected from the Department for Work and Pensions (DWP) and the Student Awards Agency Scotland (SAAS) respectively. Data relating to students eligible for a loan will be collected from the Student Loans Company (SLC).
14. NHS payroll data will be collected centrally where possible:
 - **ESR payroll users** – For participants using the ESR system, the NFI will receive your payroll data in bulk on your behalf from the ESR system, as in previous NFI exercises. NHS bodies therefore need **only** submit trade creditor standing and payments history data. In an attempt to streamline the data allocation process we ask participants to confirm their ESR VPD code. Please follow the instructions on the data file upload page within the NFI web application.
 - **Non ESR payroll users** - If you use other companies such as Liaison for payroll, you will need to upload this data to us through the data file upload facility in the secure web application.
15. Following a review of NFI work programme datasets, the existing mandatory data matches will continue to be a part of the NFI 2020/21 work programme ([Exhibit 2](#)), except for:
 - market traders and personal alcohol licence data which will not be collected for the 2020/21 NFI exercise as a mandatory dataset. However, it can be provided on a voluntary basis. This is due to low levels of reported outcomes being identified from these datasets.
 - personal budget and private supported care home data which will not be collected as part of the main 2020/21 exercise. This data will be collected to a different timetable that participants will be notified of in due course.
 - new data specifications for Covid-19 post-assurance matching will be issued for the 2020/21 exercise. This data will again be collected to a different timetable that participants will be notified of in due course.
16. The Cabinet Office has issued a document summarising [the key changes to datasets](#) required for the 2020/21 exercise.

Exhibit 2

Data requirements for the 2020/21 NFI

| Data requirements/dataset | Councils | Strathclyde Passenger Transport, Tayside Contracts, NHS bodies & colleges | Central government |
|--|-----------------|--|---------------------------|
| <u>Payroll #</u> | Mandatory | Mandatory | Mandatory |
| <u>Pensions</u> | Mandatory | | SPPA Mandatory |
| <u>Housing</u> | Mandatory | | |
| <u>Housing waiting lists</u> | Mandatory | | |
| <u>Blue-badges-resident parking (transport-passes-and-permits)</u> | Mandatory | | |
| <u>Private-supported-care-home-patients</u> | Mandatory | | timetable to be confirmed |
| <u>Taxi driver licences</u> | Mandatory | | |
| <u>Trade-creditors-payment-history-data #</u> | Mandatory | Mandatory | Mandatory |
| <u>Trade-creditors-standing-data #</u> | Mandatory | Mandatory | Mandatory |
| Student Loans | | | SAAS Mandatory |
| <u>Council tax reduction scheme</u> | Mandatory | | |
| <u>Council tax+</u> | Mandatory | | |
| <u>Electoral register</u> | Mandatory | | |
| <u>Personal budgets direct payments</u> | Mandatory | | timetable to be confirmed |
| <u>Covid-19 post assurance matching-business rates</u> | Mandatory | | timetable to be confirmed |
| <u>Covid-19 post assurance matching-grant recipients</u> | Mandatory | | timetable to be confirmed |
| <u>Market trader and personal alcohol licences</u> | Optional | | fee applies |

The Scottish Government will upload and lead on investigating payroll and creditor data for bodies that use the Scottish Government's systems for these functions.

+ While the process is up to individual bodies, we encourage the principle of sharing extraction routines to make the process more efficient and economical. For example, we are aware that standard extract routines are being offered by all the major council tax system suppliers. If you would like more information about this, contact your system supplier.

Source: The Cabinet Office NFI website

17. All Scottish participants should refer to [Exhibit 2](#) when preparing datasets for submission to the NFI.

Security

18. The security policy for the NFI requires checks to be undertaken on all new users of the NFI web application tool to ensure compliance with government standards. The following information is presented to new users when they first log into the NFI system and must be abided by:

The information contained within the NFI system is covered by the Data Protection Act, the Code of Data Matching Practice and HM Government Security Policy. Only authorised users are permitted to access the system and users must ensure that they use the system appropriately and in accordance with the guidance supplied to them. Any information accessed, downloaded or printed from the system must be handled in line with the Data Protection Act and the Cabinet Office Security Policy Framework (SPF). Users and authorities must ensure that any information exported from the system is handled in line with HMG requirements for handling Personal and Protectively Marked information. If you have any questions about this, you should contact your Key Contact or Senior Responsible Officer (as applicable).

Source: The Cabinet Office National Fraud Initiative secure website

System security

19. The NFI system goes through the Cabinet Office's information assurance and risk management process. The outcome of this is that the system is HM Government-accredited annually to store and process data.
20. Any firm processing data for the Cabinet Office will do so under a contract in writing that imposes requirements as to technical and organisational security standards, and under which the firm may only act on instructions from the Cabinet Office. The Cabinet Office, assisted by Audit Scotland and the other UK public sector audit agencies, will monitor the firm's compliance with these standards from time to time. In addition, the Cabinet Office requires annual security testing, supplemented by additional tests as appropriate.
21. Further details of security testing are available from Audit Scotland and the Cabinet Office.
22. Audit Scotland does not send personal data collected during the NFI outside of the European Economic Area.

Scottish interpretations

- 23.** The following areas of the Cabinet Office's guidance require additional guidance for Scotland:
- Council tax
 - Blue badges.

Council tax

- 24.** The rest of the UK carries out an annual mandatory data upload for the council tax single person discount to the electoral register. As per in previous NFI exercises, Scottish councils are continuing to match council tax and electoral register data every second year. This upload takes place in the same year as the core NFI data. For 2020/21, council tax and electoral register data should be uploaded to the NFI ReCheck from 30 November 2020.
- 25.** Councils are encouraged to use the options available under the NFI Recheck in 2021 if they wish to conduct this matching annually. This will incur a charge. Interested participants should contact the NFI helpdesk should they wish to use ReCheck or the NFI's Premium SPD matching service in December 2021.

Blue Badges

- 26.** Previously, the administration of Blue Badges in Scotland was carried out through the Blue Badge Digital Service (BBDS)/the Blue Badge Improvement Service (BBIS). At that time, data relating to Blue Badges was sourced directly from BBDS/BBIS with matches released back to local authorities directly.
- 27.** However, as councils now administer their own Blue Badges, councils should use the data specification in [Exhibit 2](#) to submit data for Blue Badges to the NFI web application.
- 28.** Audit Scotland is not asking for concessionary travel data, as per the last exercise.

Additional NFI services

29. The Cabinet Office has additional products that use the core NFI datasets but provide greater flexibility for organisations in the fight against fraud prevention and detection: AppCheck, Recheck, ReCheck Premium council tax single person discount (CTSPD) service and FraudHub. Participants wishing to find out more information about using these services should contact the NFI helpdesk (0845 345 8019).
30. The [NFI AppCheck](#) tool is designed to help quickly identify and prevent fraud or mistaken payments from being made in the first place. This preventative service complements the traditional detection tools and allows organisations to stop fraudulent applications from being successful.
31. [Recheck](#) allows participating bodies to re-perform any of the existing NFI data matching at a time convenient to them. This service matches against data from the most recent NFI exercise with regularly refreshed housing benefit data, as well as student loans and Amberhill fraudulent identity data.¹
32. The NFI Premium (CTSPD) service, is offered as an extension to the existing ReCheck CTSPD product. It provides an enhanced view of a match by bringing together information and intelligence from NFI data and Credit Reference Agency (CRA) data to give a comprehensive view of the household composition where individuals are claiming a council tax discount. These matches are supplied in a separate report called report 814. Each match is risk scored based on a number of criteria derived from the NFI and CRA data.
33. FraudHub is located within the NFI secure system, so setting up a FraudHub is easy. FraudHub provides a permanently accessible system with proven capabilities enabling organisations to come together (typically within a geographical area) to share intelligence and insight to help identify potential fraud. Data screening can be carried out whenever it is needed. Fees for use of the FraudHub tool are charged per organisation on an annual subscription basis.

Additional NFI services offering increased flexibility

¹ Amberhill is a system used by the Metropolitan Police to authenticate documents presented for identity verification.

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If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0131 625 1500 or info@audit-scotland.gov.uk

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