
Report To:	Audit Committee	Date:	8 January 2019
Report By:	Corporate Director Environment, Regeneration & Resources	Report No:	AC/02/19/SA/APr
Contact Officer:	Andi Priestman	Contact No:	01475 712251
Subject:	Audit Scotland National Report: The National Fraud Initiative in Scotland – July 2018 Update Report – November 2018		

1.0 PURPOSE

1.1 The purpose of this report is to update Members with outcome information relating to Inverclyde Council arising from the Audit Scotland Report “The National Fraud Initiative in Scotland” which was published on the Audit Scotland Website on 30 November 2018.

2.0 SUMMARY

2.1 Audit Scotland reported the results of the National Fraud Initiative (NFI) 2016/2017 exercise in July 2018. The report was reported to CMT and Audit Committee in August 2018.

2.2 Audit Scotland recently advised the NFI Key Contacts that following the presentation of the report findings to the Scottish Parliament’s Public Audit and Post-Legislative Scrutiny Committee they had been requested to publish a breakdown of the outcomes for each of the NFI key data sets. This was published in November 2018 as a supplement to their July 2018 NFI Report.

2.3 Breakdown information relating to Inverclyde Council is set out at Appendix 1 together with the status of the recovery of overpayments where appropriate

Appendix
1

3.0 RECOMMENDATIONS

3.1 It is recommended that Members note the release of outcome information relating to the NFI 2016/2017 exercise for relevant data sets relating to Inverclyde Council.

Scott Allan
Corporate Director, Environment Regeneration & Resources

4.0 BACKGROUND

- 4.1 Audit Scotland reported the results of the National Fraud Initiative (NFI) 2016/2017 exercise in July 2018. The report was reported to Audit Committee in August 2018.
- 4.2 Audit Scotland advised the NFI Key Contacts on 29 October 2018 that following the presentation of the report findings to the Scottish Parliament's Public Audit and Post-Legislative Scrutiny Committee, they were going to publish a breakdown of the outcomes for each of the NFI key data sets. This was published in November 2018 as a supplement to their 2018 NFI Report.

5.0 CURRENT STATUS

- 5.1 The breakdown of outcome information reported for Inverclyde Council is set out at Appendix 1 together with the status of the recovery of overpayments where appropriate and any comments regarding the information reported.

6.0 IMPLICATIONS

6.1 Finance

There are no direct financial implications arising from this report.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments

6.2 Legal

There are no direct legal implications arising from this report.

6.3 Human Resources

There are no direct HR implications arising from this report.

6.4 Equalities

There are no direct equalities implications arising from this report.

6.5 Repopulation

There are no direct repopulation implications arising from this report.

7.0 CONSULTATIONS

- 7.1 Relevant Officers were asked to provide updates to the report as appropriate. Discussions were also held with the local audit team from Audit Scotland.

8.0 LIST OF BACKGROUND PAPERS

- 8.1 Audit Scotland National Report: The National Fraud Initiative in Scotland – July 2018

Appendix 1

Case Details	Fraud/ Error	Cost of Fraud/Error	Amount due for recovery	Current Status (8/11/18)
Blue Badges – Estimated Outcome £24,150				
42 in total 12/11/13 to 12/12/16	Administrative Error – BBIS database had not been updated in a timely manner for deceased badge holders.	£575 per badge (per Accounts Commission estimation basis of lost revenue) £24,150	Nil	All blue badges have now been cancelled on the BBIS database.
Payroll to Creditors – Estimated Outcome £5000				
Match ID – 4 29/9/16	Procedural Error – directly commissioned service from employee.	£5000 (per Accounts Commission estimation basis of past value of the fraud)	Nil	Procurement procedures have been tightened.
Creditors – Duplicate record by invoice ref, amount and creditor ref – Estimated Outcome £20,163				
Match ID – 93 30/04/15	Administrative Error – invoice paid twice	£3420.00	£3420.00	Funds recovered 25-10-2017.
Match ID – 122 21/05/15	Administrative Error – invoice paid twice	£2647.00	£2647.00	Credit note raised 1-11-2018.
Match ID – 160 14/08/14	Administrative Error – invoice paid twice	£1671.92	£1671.92	Credit note raised 1-11-2018. Used in payment to company 5-11-2018.
Match ID – 192 15/01/16	Administrative Error – invoice paid twice	£1058.02	£1058.02	Funds returned 19-10-2017.
Match ID – 242 25/11/13	Administrative Error – invoice paid twice	£964.00	£964.00	Debtors invoice raised 6-11-2018.
Match ID – 321 13/08/15	Administrative Error – invoice paid twice	£739.54	£739.54	Debtors invoice raised 6-11-2018.
Match ID – 323 10/08/14	Administrative Error – invoice paid twice	£738.10	£738.10	Credit note raised 1-11-2018. Used in payment to company 5-11-2018.
Match ID – 339 20/05/15	Administrative Error – invoice paid twice	£594.00	£594.00	Credit Note on system to recover funds.
Match ID – 347 20/08/14	Administrative Error – invoice paid twice	£535.00	£535.00	Debtors invoice raised. Paid 2-11-2017.
Creditors - Duplicate records by invoice amount and creditor ref (Outcome included in total above)				
Match ID – 833 17/09/14	Administrative Error – invoiced twice for same period using 2 different invoice numbers.	£2728.00	£2728.00	Company invoiced twice for the same period. Payment used for the next period.
Match ID – 841 30/10/13	Administrative Error – invoiced twice for same period using 2 different invoice numbers.	£2689.65	£2689.65	Debtors Invoice raised. Paid 30-10-2017.
Match ID – 927 30/11/14	Administrative Error – invoiced twice for same period using 2 different invoice numbers.	£2376.00	£2376.00	Credit Note on system to recover funds.

Benefits – Housing Benefit to Student Loan (Estimated Outcome £7340.44)				
Match ID – 1	Customer Error – change of circumstance was not notified in a timely manner.	£7340.44 in total for the 2 cases. (This is made up of the £3862	£2216.29	Claim was cancelled and a payment arrangement has been agreed to recover the full overpayment.
Match ID – 28	Fraud – customer continued to receive housing benefit at a non-resident address.	overpayment of benefit for the 2 cases plus the estimation basis used by the Accounts Commission relating to forward savings/outcomes benefits which is the weekly benefit reduction multiplied by 21 weeks - £3478.44)	£1645.71	Claim was cancelled and a debtors invoice was set up for recovery of the overpayment. Invoice is currently suspended as the liable party's address is unknown.