

REPORT TO: SCRUTINY COMMITTEE – 14 DECEMBER 2016

REPORT ON: NFI SELF-APPRAISAL CHECKLIST

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 396 - 2016

1.0 PURPOSE OF REPORT

This report is to provide the Elected Members with the Council's National Fraud Initiative (NFI) Self-appraisal Checklist in accordance with recommendations from Audit Scotland.

2.0 RECOMMENDATIONS

It is recommended that Members of the Committee review the completed NFI Self-appraisal Checklist at Appendix A.

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

At the 28 September 2016 Scrutiny Committee (Article VII, Report No 297-2016) Members noted the contents of the Corporate Fraud Team's Activity and Performance Report, including the latest NFI results, for the 12 month period commencing 1 June 2015.

Paragraph 4.3 of that report advises Members that Audit Scotland publishes a national report following each NFI exercise. The Audit Scotland report, which covers the last NFI exercise 2014/15, summarises the national outcomes recorded for all participating public bodies and outlines five recommendations. The report also contains a Self-Appraisal Checklist. One of five recommendations in the Audit Scotland report states that Audit Committees or equivalent should review the Self-Appraisal Checklist to ensure that they are fully informed of the planning arrangements and progress being made by officers in respect of the 2016/17 exercise.

The Self-Appraisal Checklist has now been completed by officers in respect of the 2016/17 NFI exercise and Part A, for those charged with governance, is attached at Appendix A. Going forward a Self-Appraisal Checklist will be completed by officers and submitted to the Scrutiny Committee biennially in line with the timetable for NFI.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Impact Assessment and Risk Managements. There are no major issues.

6.0 CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted on the preparation of this report.

7.0 BACKGROUND PAPERS

None.

**MARJORY M STEWART
EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

23 NOVEMBER 2016

NATIONAL FRAUD INITIATIVE 2016/17

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?	<p>YES</p> <p>At the 10 February 2014 Policy and Resources Committee (Article VI, Report No 61-2014) Members received a report on the Future Corporate Strategy for Counter Fraud, including the Corporate Fraud and Corruption Policy and Corporate Fraud Action Plan. The Council's Corporate Fraud and Corruption Policy, which was approved by Members at that meeting, describes the NFI as being part of the Anti-fraud and Corruption Framework that exists within the Council to protect it against fraud and corruption.</p> <p>NFI in general and progress made during specific NFI exercises are communicated along with outcomes to senior management and key members of staff as and when appropriate.</p> <p>The Internal Audit and Corporate Fraud Service Internet and Intranet pages communicate to users that responsibilities surrounding NFI rest with the Corporate Fraud Team. The NFI Key Contact for the Council is the Corporate Fraud Supervisor. Information re NFI is also available via a link on the Internet.</p>	NO	
2. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?	<p>YES</p> <p>As above, the NFI is an integral part of the Council's Corporate Fraud and Corruption Policy.</p>	NO	

	Yes/No/Partly	Is action required?	Who by and when?
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?	<p>YES</p> <p>The Council has utilised the Flexible Matching Service for the Council Tax Discount (CTD) and Electoral Roll (ER) exercise, a separate exercise undertaken to match electoral registers against those households where Council Tax Single Person Discounts are being claimed. The Council continues to participate in all mandatory CTD and ER exercises.</p> <p>To supplement the NFI work, the Corporate Fraud Team carries out a number of internal data matching exercises using an in-house data matching facility. Data matching will be reviewed going forward and steps will be taken to enhance it where considered appropriate.</p>	NO	
4. Are the NFI progress and outcomes reported regularly to senior management and elected/board members (e.g. the audit committee or equivalent)?	<p>YES</p> <p>At the 28 September 2016 Scrutiny Committee (Article VII, Report No 297-2016) Members noted the contents of the Corporate Fraud Team's Activity and Performance Report, for the 12 month period commencing 1 June 2015. The report included the progress and outcomes for the 2014/15 NFI exercise, the Council Tax Single Person Discount v Electoral Roll exercises and an update on the preparatory work carried out for the 2016/17 NFI exercise.</p> <p>An Activity and Performance report will be reported to the Scrutiny Committee on an annual basis covering the period 1 April to 31 March. NFI progress and outcomes will be included in these reports.</p> <p>A monthly NFI progress report is prepared by the Corporate Fraud Supervisor for the Corporate Finance Management Team and the Executive Director of Corporate Services.</p>	NO	

	Yes/No/Partly	Is action required?	Who by and when?
5. Where we have not submitted data or used the matches returned to us, e.g. council tax single person discounts, are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?	N/A - we submit our data and use the matches returned to us.	NO	
6. Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?	<p>YES</p> <p>The NFI Key Contact reports operationally to the Council's Senior Manager - Internal Audit.</p> <p>Regular discussions take place between the NFI Key Contact and the Senior Manager – Internal Audit surrounding the approach to all NFI exercises and an action plan is in place, which is updated on a regular basis, to ensure all NFI related actions are taken forward appropriately and timeously.</p>	NO	
7. Do we review how frauds and errors arose and use this information to improve our internal controls?	<p>YES</p> <p>Identified fraud and errors are discussed with relevant senior managers so that, where possible, improvements can be made to the internal control environment.</p>	NO	
8. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (e.g. successful prosecutions)?	<p>PARTLY</p> <p>The Corporate Fraud Team intends on introducing a newsletter, which will be published and communicated to all staff. The newsletter will be used to raise awareness of corporate fraud and how to prevent and detect it. Information surrounding successful local prosecutions will also feature in the newsletter along with prosecutions relating to other public sector bodies that are considered relevant.</p> <p>The Corporate Fraud Team's Activity and Performance Report, which is published externally, contains outcomes relating to all corporate fraud activity.</p>	YES	Corporate Fraud Supervisor - June 2017

