Forest Heath · St Edmundsbury

West Suffolk

working together

Draft National Fraud Initiative (NFI) and Data Matching Strategy

**Reviewed and updated
October 2012**

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Appendix 1: NFI and data matching Action Plan

Further information

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1. Background

1.1 The National Fraud Initiative (NFI) is a data matching exercise. It compares information held by and between around 1,300 organisations including councils, the police, hospitals and 77 private companies.

1.2 This joint NFI Strategy replaced the document originally produced in 2008 for St Edmundsbury BC. Since the introduction of the data matching service, participation in the NFI has become mandatory and considered a corporate activity, also incorporating data security and data protection. This document aims to define the key roles and responsibilities for all stakeholders involved with the NFI exercise to ensure that fair processing compliance is maintained, mandatory data sets are correctly provided and investigations are undertaken as necessary, based on the associated risks.

1.3 On 13 August 2010 the Secretary of State for Communities and Local Government announced the proposed abolition of the Audit Commission. In 2012, the arrangements for the audit of local authorities, NHS bodies and the police were announced and awarded to four private firms across the county. The Data Matching Service is currently provided by the Audit Commission.

NFI Outcomes

1.4 The NFI 2010/11 exercise helped trace £275 million in fraud, error and overpayments across the UK, representing a 28% increase on the £215 million identified in the 2008/09 NFI exercise. Since the initiative's start in 1996, the programme has helped detect £939 million, taking it a step closer to achieving a £1 billion payback to the public purse. The main categories of fraud identified by the NFI in England relate to pensions, council tax and housing benefit:

- £98 million of pension fraud and over payments;
- £50 million of fraudulent or wrongly received, council tax single person discount payments;
- £31 million of housing benefit and fraud overpayments

The exercise also produced other significant results:
- 164 employees were dismissed or asked to resign as they had no right to work in the UK;
- 235 properties were recovered for social housing;
- 731 people were prosecuted;
- 31,937 blue badges and 51,548 travel or concessionary passes were cancelled.

2. Scope of this Strategy

2.1 St Edmundsbury Borough Council and Forest Heath District Council collect and use many different types of data from a wide variety of sources, which include customers, stakeholders , partners and other local authorities and government bodies.

2.2   It is essential that public bodies have adequate controls in place to prevent and detect fraud and error.

2.3   Data matching exercises are carried out under statutory powers in Part IIA of the Audit Commission Act 1998 which contains important safeguards on the use and disclosure of data, including the requirement for a statutory Code of Data Matching Practice, known as 'the Code'. These powers also enable the benefits of NFI to be extended to central government and the private sector.

2.4   This Strategy aims to provide a means of ensuring staff have the correct knowledge, understanding and support in order to discharge their NFI roles and responsibilities.

2.5   It is important that at the point of data collection, all customers are advised that their information could be passed to the Data Matching Service and used for data matching for the detection of errors and fraud. This is known as "fair processing" of data and the requirements of this are set out in the Code.

2.6   Compliance with the Code also ensures that correct procedures are adhered to in terms of data matching in relation to the Data Protection Act 1998, and it should be noted that the processing of data by the Data Matching Service is carried out with statutory authority. It does not require the **consent** of the individuals concerned under the Data Protection Act 1998.

2.7   The Strategy has been produced to set out clear objectives for collecting and sharing information for the purposes of data matching and the detection and prevention of fraud and error. The Strategy builds on existing arrangements for the collection of customer data and the matching and review of NFI data.

2.8   The Strategy also sets outs the key activities and responsibilities for officers in relation to the Code and in relation to follow-up of matched reports and reporting progress on the investigation of errors and potential frauds.

2.9   This Strategy should be read in conjunction with the Data Quality Policy.

3.   Why is NFI and data matching important?

3.1   Accurate and reliable information is vital to the success of the organisation. Data is used to:
▪ help measure services that we provide to the public;
▪ benchmark cost and performance;
▪ set targets to improve performance, reduce cost and improve customer care; and
▪ data can also be used to identify potential errors and fraud.

The links between NFI data matching reports and data quality are intrinsic and the Data Matching Service uses the NFI process to assess the arrangements that audited bodies have put in place to deal with errors and fraud. There is an expectation that External Audit will

undertake periodic data quality audits reviewing the arrangements in place to promote reliable data quality.

3.2 Ensuring good quality data should not be an end in itself but an integral part of our performance management and governance arrangements. By putting both data quality and data matching analysis at the heart of data management systems, greater reliability can be placed on the information we base decisions on and monitor our performance. The detection of errors can help to identify areas for improvement and will increase the efficiency of the organisation.

3.3 Good data quality and the detection of fraud are important for:

- **Efficiency** - to minimise financial risk (loss of public funds through fraud or overpayments).

- **Performance management** – information is required which will help identify any shortfalls in standards and targets. Accurately reported performance information will help inform sound management decisions.

- **Service improvement** – the detection of errors or fraud will help to identify areas where improvements or additional controls are required.

- **Providing customer confidence** – our stakeholders will have assurance that we have adequate controls in place for the prevention and detection of fraud.

- **Compliance with statutory requirements –** examples include: Data Protection Act 1998, the Code of Data Matching Practice 2008, Local Government Act 1972.

4. Our vision and objectives for fraud prevention and detection

4.1 Vision

The vision for the detection and prevention of fraud is:-

"to improve internal controls to ensure that data is of high quality and where frauds and errors are detected appropriate action is taken to recover public money and to improve controls."

4.2 Objectives

Our fraud prevention and data matching objectives for NFI are to ensure:-

Governance and leadership

1. that all appropriate staff are aware of their responsibilities concerning data matching and dealing with errors and fraud;

2. that data quality and fraud prevention and detection is embedded within our performance management framework and relevant corporate

documents, for example corporate plan, strategic plan, service plans, and risk registers.

Procedures

3. systems and procedures are in place so that staff are aware of their responsibilities and the arrangements required to correct errors and deal with fraud;

4. that reporting of NFI issues takes place and any remedial action is reported and monitored;

Systems and processes

5. that all staff use the 'right first time' principle for data capture and that all data is 'fit for purpose';

6. that data is submitted by the only permissible secure method (Data Upload Facility, NFI Website);

7. that all matching is undertaken in a secure manner and that customer and other stakeholders are given appropriate notice of the use of their information;

People and skills

8. the right people with the right skills are involved in data matching processes, investigation of frauds and errors and are reporting outcomes in a timely manner;

9. that all staff involved with NFI have access to relevant training;

Data use and reporting

10. that data is promptly and thoroughly reviewed, and a risk-based approach is taken, particularly where errors may lead to financial loss;

11. that reference is made to NFI guidance on investigating matches before matches are reviewed;

12. that high risk matches are investigated promptly and action is taken to correct any errors;

13. that a risk based approach is used for non-high risk matches and decisions not to investigate are clearly documented;

14. that appropriate action is taken when fraud or corruption is suspected or identified;

15. that all data submission, data review and action for NFI is supported by a clear audit trail and is compliant with relevant legislation;

16. that external inspection and audit standards and requirements are met; and

17. that councillors are informed of the progress of NFI work alongside other internal control reports. (Progress against the NFI Strategy will be reported to the Performance and Audit Scrutiny Committee (SEBC) and Performance and Audit Committee (FHDC) within the Internal Audit Annual Report. This feeds into the Annual Governance Statement and is published with the Annual Statement of Accounts.)

5. Strategy to deliver the NFI and data matching objectives

5.1 Actions to deliver the NFI and data matching objectives have been agreed with the relevant responsible officers.

5.2 Each Service area should assess, and report to Internal Audit, the risks that they may encounter to the achievement of this Strategy; the impact will be assessed and reported to the Section 151 Officer if necessary. Where appropriate, risks (and opportunities) to the achievement of NFI objectives may be recorded on the Risk Register.

6. Monitoring and review

6.1 Progress against the NFI and Data Matching Action Plan will be subject to annual updates to the Performance and Audit Scrutiny Committee (SEBC) and Performance and Audit Committee (FHDC) along with progress reports to Joint Leadership Team as appropriate.

6.2 The content of the NFI and Data Matching Strategy will be reviewed on a bi-annual basis, to ensure it continues to meet the requirements of the Data Matching Service and national guidance. Unless it requires early review in the light of shared services or national changes in requirements.

6.3 The NFI Key Contact will monitor performance in relation to the review and investigation of the data matching reports and provide appropriate feedback to managers and the Section 151 Officer (Head of Resources and Performance). All Heads of Service must establish appropriate arrangements for managing matched data investigations and NFI recording and reporting in their area.

6.4 Internal progress checks will be undertaken as part of the routine audit and review process. It is acknowledged that Internal Audit has an important role in relation to investigating potential fraud and promoting data quality within the council.

7. Roles and responsibilities

7.1 The roles and responsibilities for staff and councillors delivering the objectives are set out below;

Councillor Lead	**Portfolio Holders**:
	   o Performance & Resources (SEBC)
	   o Resources, Governance and Performance (FHDC)
	Responsibility for overseeing the management of resources.

Senior Responsible Officer for NFI	**Section 151 Officer** Key responsibilities to ensure the statutory requirements for bodies participating in NFI are met, as follows: o Nominate a key contact o Ensure the key contact has access via the secure NFI software o Ensure the key contact fulfils all data protection requirements
Service Leads	**Heads of Service** o Responsible for NFI and data matching within their service areas or as appropriate to their disciplines. o Ensuring that sufficient resources are planned and applied in relation to NFI to ensure compliance with the Data Matching Service and Strategy requirements. o Service Leads must ensure that staff nominated for NFI responsibilities are allocated adequate time to attend training and to discharge their responsibilities and that arrangements exist to ensure continuity of process in the event of long term absence, role changes or leavers. o To ensure that adequate resources are allocated to the review and action of matched data reports to ensure all potential errors and frauds are investigated and appropriate action is taken.
NFI Key Contact	**Senior Auditor** o Corporate responsibility to advise on the safe upload of correct data to the NFI website, to lead on NFI activities, to provide support, guidance and training to key employees, as required and to report on non-compliance with the Code of Data Matching requirements. o To nominate data upload and dataset contacts. o To nominate appropriate users that will investigate the matches and act as point of contact for other bodies. o To provide guidance on the data formats and data specifications. o To liaise with the Data Protection Officer. o To be the key interface with the Data Matching Service on matters relating to NFI. o To monitor progress against NFI matching reports. o To provide feedback on the outcomes of the exercise.

Internal Audit Manager	o To ensure that adequate resources are allocated to the management and support of the NFI and data matching processes and Strategy. o To report to councillors (Performance and Audit Scrutiny Committee at St Edmundsbury Borough Council and Performance and Audit Committee at Forest Heath District Council) annually on progress against the NFI and Data Matching Strategy.
Data Protection Lead	o To ensure that appropriate action is taken to inform the Information Commissioner of changes to data responsibilities and access to information. o To provide advice and guidance in relation to Data Protection issues within the NFI processes.
Monitoring Officer	o To ensure that the councils do not breach any legislation or other regulations in the approach to the NFI and Data Matching Strategy. o To approve the release of the Electoral Registers when required.
Head of HR and Organisational Development	o To progress any action in relation to staff implication in fraud and corruption matters. o To support training activities developed to improve NFI actions.

Data Leads	**Data Extract, Submission and Data Set contacts**
	o Responsible for ensuring that fair processing notices are applied in a timely manner for data sets, and personally responsible for data extract and submission:
	  ▪ In accordance with the specifications;
	  ▪ In the correct format; and
	  ▪ By the specified submission method (Data File Upload)
	(including involvement in verifying the format of data for submission and leading the investigation matched report reviews for their data set).
	o Personally responsible for investigation of matches and updating the NFI database, as appropriate and for liaising with other bodies in relation to matches.

ICT	o Responsible for the technical support in order to extract data (in the appropriate format and within specified timeframes). o Support the upload to the NFI web-enabled database, where this is required.

7.2   It is the responsibility of each Data Lead to inform the NFI Key Contact of any changes to the key systems or staff in the following table so that any potential NFI issues can be identified and dealt with at an early stage.

7.3   The Data Leads for 2012/13 are detailed as follows:-

Data Required	Data Lead	System
Payroll	Teresa Stace/Jackie Young / Tracey Allen	I-Trent
Pensions	Suffolk County Council	N/A
Trade creditors' payment history and standing data	Chris Barber / Melissa Evans / Barrie James / Judith Wright	E5 / Agresso
Housing Benefits - investigation stage (data is provided directly to the data matching service from external agencies)	Anglia Revenues Partnership	Academy
Transport permits (residents' parking)	Mark Walsh / Katy Wadlow	Excel spreadsheet
Insurance claimants	Zurich Municipal	N/A
Licences Taxi driver and (new) Personal licences to supply alcohol	Hilary Workman / Tom Wright	LalPac
Licences Market trader/operator	Cameron Findlay / Joanne Rogers	LalPac

8.   Supporting guidance and standards

8.1   The Audit Commission (Data Matching Service) website and the NFI Database provide a vast amount of guidance and information on NFI, data matching and the investigation processes **and in all instances** these websites should be the first point of reference for any guidance or information. A queries email address nfiqueries@audit-commission.gov.uk is also available. Periodic reports which are produced by NFI will be circulated by the NFI Key Contact. If there are difficulties in obtaining access to these websites, support should be requested from the Internal Audit Team.

8.2   Fair Processing Notices must be issued under the Code. The standard wording advised by the Audit Commission should be used wherever possible and deviations from this should be checked with both Legal Services and Internal Audit. Guidance on Fair Processing Notices is provided by the Data Matching Service via the secure website facility and also within the Code of Data Matching. The Summary Notice should be provided to all individuals whose data is to be matched. Where practicable it should point to where more detailed information can be found, for example, by providing web-links to the Condensed Text on the council's website and subsequent links to the Full Text on the Audit Commission website, or contact details for a named person such as the Key Contact or Data Protection Lead. ***Where an application form is***

***used to collect the data, the summary notice should usually be
included on this form.***

Employees should be notified both at the time of the original application
for their post and before each NFI exercise, for example, by including a
summary notice in their payslip.

9.   Supporting staff

9.1   The provision of training and development for staff is key to the
achievement of the NFI and Data Matching Strategy. To support this,
Internal Audit staff can provide guidance, support and training on the
use of the NFI interactive database.   Online training modules are also
available within the database itself and therefore Data Leads should
ensure that these have been completed in advance of any investigatory
actions in order to maximise the benefits of the approach. It is the
responsibility of Service Leads to ensure that staff involved in NFI have
read and understood the NFI instructions and the further database
guidance on the meaning of matched reports and the correct approaches
to investigation. Staff involved in NFI should be allocated appropriate
time in order to investigate matched reports. Further guidance can be
sought from the Key Contact or other members of Internal Audit.

10.   Security and Confidentiality

10.1   We are committed to keeping data secure and confidential where
appropriate. The ICT Security Policy contains guidelines to help staff
avoid storing unnecessary and unwanted data in the wrong place. The
NFI Strategy considers data security in line with the Code of Data
Matching Practice 2008 and therefore the following principles should be
adopted in relation to NFI data matching processes:-

- Data obtained for the purpose of data matching exercises may not
  be disclosed unless there is legal authority for so doing. This
  applies equally to data obtained for the purposes of matching and
  the results of the data matching.

- Results of data matching may only be disclosed further if it is to
  assist in the prevention and detection of fraud, to investigate or
  prosecute an offence, for the purpose of disclosure to an auditor
  (Data Matching Service) or otherwise as required by statute.

- Any disclosure in breach of the principles under section 2.15 of the
  Code is a criminal offence.

10.2   All staff involved in NFI and data matching should have regard for the
Code, and in particular sections 2.10 Security, 2.11 Supply of data, 2.15
Disclosure of data and 2.18 Retention of Data.

10.3   Investigating officers and data leads should ensure that copies of
matched reports are not held on systems for any longer than
investigation requires and that these reports are not held on memory

sticks, C Drives or personal drives. This is also a requirement under the ICT Security Policy.

10.4   Staff with access to the NFI reporting site should ensure that all passwords are held securely and are **not** shared with other employees. Where additional access to the database is required, permission should be directly requested via the NFI Key Contact or the Internal Audit Manager.

10.5   Where any data matching reports are printed, these should be held securely in locked storage in a secure environment and should be only accessible to named individuals.

10.6   All staff involved with NFI should ensure that data is only uploaded via the DFU Facility on the NFI Website. ***This is now the only acceptable method of data submission for NFI data.   If any other method of submission is used, it is the Data Matching Services policy to inform the Director of Finance[1] that data has been put at unnecessary risk.***

References
Code of Data Matching Practice July 2008
(Audit Commission, October 2010)

National Fraud Initiative 2010/11
Public Sector National Report
(Audit Commission, May 2012)

National Fraud Initiative 2012/13 Instructions - England
(Audit Commission, 2012)
http://www.audit-commission.gov.uk/fraud/pages/default.aspx

Strategy Review
This strategy will next be reviewed in 2014, unless it requires early review in the light of shared services or national changes in requirements.

The following paragraphs will be updated over time as appropriate:
NFI Outcomes (paragraph1.4)
Data Leads (paragraph 7.3)

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[1] The role of Director of Finance at the council, for the purpose of NFI, is taken to be the **Head of Resources & Performance**
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NFI and Data Matching Action Status Report

This plan sets out actions to be taken to deliver the NFI and Data Matching objectives as set out in the NFI and Data Matching Strategy.   The Actions will be monitored by the Internal Audit Manager and progress reported annually to the Performance and Audit Scrutiny Committee (SEBC) and Performance and Audit Committee (FHDC) along with progress reports to Joint Leadership Team as appropriate

No	Action	Lead Officers	Timescale	Comments/Further Actions
Governance and Leadership				
1	Roles and Responsibilities for NFI for 2012/13 to be clarified within revised Strategy following new guidance from Audit Commission	NFI Key Contact	December 2012	▪ NFI Website is updated with key contact details. ▪ Discussions held with Data Leads regarding data extract requirements. ▪ Revised Strategy to be approved and promoted prior to release of matches in January 2013.
2	Accountability for NFI to be recorded through performance process.	Heads of Service	January 2013	▪ To be in place in advance of dealing with data matching reports (released 29th January 2013). ▪ To be picked up via service plans and individual target setting – led by HOS
3	Data Protection Officer to inform Information Commissioner of use of information by Audit Commission and Auditors as recipients (see pg 13, 2.4.7)	Data Protection Officer	Completed	▪ Failure to do so will put the councils in breach of the Data Protection Act 1998 ▪ These changes are implemented via the Information Commissioners website and review of this has been completed, and confirmation received previously that the title 'Auditor' covers this purpose has been received from the Information Commissioners Office. ▪ SEBC registration expires 10/03/2013, FHDC registration expires 14/10/2013 (annual registrations)
Policies				
4	NFI Data Leads and other responsible officers to comment on content of the revised NFI Strategy and Action Plan	All managers with NFI responsibilities	November 2012	▪ Member leads to be informed of contents of completed draft Strategy. ▪ Strategy & Action Plan to be agreed by Data Leads and Service Leads prior to data match release. ▪ Comments to be considered and audit trail of officer

No	Action	Lead Officers	Timescale	Comments/Further Actions
				involvement for External Audit review.
5	Ensure a system is in place for formal top level and committee reporting on NFI and data quality issues and improvement actions.	Internal Audit Manager	Ongoing	▪ Progress reported annually to the Performance and Audit Scrutiny Committee (SEBC) and Performance and Audit Committee (FHDC) along with progress reports to Joint Leadership Team as appropriate
Systems and processes				
6	**Fair Processing Notices**			▪ Compliance is required to meet both Data Protection and NFI requirements.
a	To be actioned for all electronic and manual forms collating data for statutory data sets.	Data Leads	Completed	▪ Some FHDC application / data collection documentation required contact updates.
b	Website to contain Level 2 Notice and links to Level 3 Notice.	NFI Key Contact	Completed	▪ Compliance with fair processing to be confirmed via discussion and evidence to enable submission of Fair Compliance Processing Rules to the Audit Commission. ▪ Website contains Condensed Text and links to further information and Full Text on the NFI Website and also contact details within the Audit Commission.
c	Form 3 Fair Processing Compliance Return completed and returned to NFI.	NFI Key Contact	Completed	
7	**Data Extraction**			▪ Actions to be completed at earliest opportunity in case additional support is required from software suppliers
a	NFI data leads and ICT to read and understand data extraction requirements for their systems and to set up action call with ICT/make any further arrangements	Data Leads	Completed	▪ Internal Audit is providing some support to upload data for specific data sets as agreed during NFI meetings. ▪ Record data quality issues to provide to system owners for the next exercise

No	Action	Lead Officers	Timescale	Comments/Further Actions
	necessary with software supplier.			
b	NFI data leads to understand any issues previously identified with data extraction for their system.	Key Contact	Completed	
c	Confirmation of Data Extract and upload on 08/10/12 to the Key Contact.	Key Contact	Completed	
8	**Data Extraction** ICT to ensure that there is adequate expertise and support available to provide NFI with data uploads within statutory deadlines.	ICT	Completed	▪ Need to ensure resource is available since this is statutory requirement –to be balanced with other audit and statutory workload.
9	**Data Extraction** Data Leads to check data extraction reports prior to verification by Key Contact	Data Leads/ NFI Key Contact	Completed	▪ Internal Audit is discussing requirements with Data Leads / Extractors and will perform data quality checks with the intention that Data Leads / Extractors will be responsible for this in future exercises.
10	**Service Planning** The risk of not allocating enough resource to NFI for investigating matched reports needs to be considered within service planning process.	Heads of Service/Internal Audit/ Performance Management	From February 2013	▪ Key Contact will analyse results and advise the Data Lead on volume of matches to review and sampling techniques as appropriate, using a risk based approach. ▪ Resources need to be available to support this statutory requirement which adds value where errors and false claims are identified and incidences of fraud are dealt with. ▪ Issues to be highlighted to Senior Responsible Officer for NFI where NFI report on inactivity within the database.
	People and Skills			
11	**Roles and responsibilities** for data quality are clearly defined within the performance management	HOS/All Managers	Ongoing	▪ Use the Performance Development Review process to identify individuals' roles and responsibilities and to monitor compliance.

No	Action	Lead Officers	Timescale	Comments/Further Actions
	system (PDRs) so that training needs are identified and resource allocation is built into service planning.			
12	**Ensure adequate support and training** is available for all staff involved with NFI matched reports and data submission.	NFI Key Contact/Internal Audit Manager	Ongoing	▪ General guidance on NFI to be provided through Data Leads, ensuring that the relevant staff are made aware of the NFI and Data Matching Strategy. ▪ Training will be identified and allocated as required. ▪ NFI Database training modules to be completed by Data Leads. ▪ Maintenance of related policy documents (Whistleblowing Guide, Anti Fraud and Anti Corruption Strategy, Fraud Newsletter)
	Monitoring and Review			
13	<u>**Progress on fair processing**</u> Forms and Website Review to ensure compliance and sign off to Audit Commission.	NFI Key Contact	Completed	▪ Key Contact to obtain satisfactory evidence that this has been completed for all data sets prior to electronic submission by 28/09/12
14	<u>**Data Submission**</u> All statutory data requested has been successfully checked and uploaded to NFI database.	NFI Key Contact	Completed	▪ Data extraction, quality check and secure upload to be confirmed as complete by 15/10/12.
15	<u>**Policy Review**</u> Policy to be reviewed in 2014, unless earlier review is required in light of potential changes with Data Matching Service	Head of Resources and Performance / Internal Audit Manager /NFI Key Contact	August 2014	▪ NFI Key Contact to monitor changes with Audit Commission and identify opportunities of shared processes with FHDC.