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## Press release

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# Anti-fraud exercise finds £15m of overpayments and savings in Scotland's public sector

**Scotland's councils have worked with other public bodies to identify £15m worth of fraud and errors in a national detection exercise.**

Under the 2004/05 National Fraud Initiative (NFI), councils compared information about benefit applicants, public sector employees and pensioners, and students with the Scottish Public Pensions Agency and the Student Awards Agency for Scotland to find fraud and errors.

As a result they found around £6m of fraud and error that the bodies can now seek to recover and about £9m they will save by preventing ongoing and future pension payments.

Audit Scotland's director of audit strategy Russell Frith said: "The first year of the National Fraud Initiative has been successful, with all Scottish councils taking part and the bodies involved finding overpayments and savings of more than £15m. With more than 50 people possibly facing prosecution and a number of public sector employees disciplined or dismissed, we hope that the exercise will also act to deter future fraud.

"Even where bodies did not find significant fraud or errors, they should be able to take assurances about their systems for preventing and detecting them."

Audit Scotland led the introduction of the National Fraud Initiative in Scotland as part of a UK-wide project co-ordinated by the Audit Commission in England. Not all cases involved actual fraud; the NFI also enables public bodies to detect overpayments made in error or through honest misunderstandings.

Following pilot schemes in 2000/01 and 2002/03, the latest exercise focussed on occupational pensions and housing and council tax benefits. The bodies involved found 270 cases where pensions were being paid to people who had died. They also found 564 cases of public sector employees and pensioners either fraudulently claiming housing benefits or receiving them in error, and 215 cases of housing benefit overpayments to students.

As a result there have been 53 prosecutions or cases that have been referred to the Procurator Fiscal and 32 employees have been dismissed or disciplined or have resigned.

Audit Scotland is working with the Audit Commission to widen the scope of the NFI during 2006/07. Public bodies will provide information again in October this year as part of their 2006/07 audits and will have fresh information to investigate in early 2007.

**For further information please contact Simon Ebbett on 0131 624 9924 or Anne McCubbin on 0131 624 9970**

### Notes to editors

1. The 2004/05 NFI exercise involved all 32 of Scotland's councils, and Scottish police and fire boards as part of the external audit of those bodies. The Scottish Public Pensions Agency, the Student Awards Agency for Scotland, Audit Scotland, the Department of Work and Pensions and the Home Office also supplied information. This follows pilot schemes in 2000/01 and 2002/03 involving City of Edinburgh and Scottish Borders Councils and the SPPA.

2. The £9m figure is based on predicted savings, or 'forward pensions savings'. This is based on a calculation commonly used in the pensions industry, which assumes pensions would have continued to be paid to age 90 had the NFI not found these cases.
3. The Audit Commission will be releasing a report on the UK-wide results of the National Fraud Initiative on 31 May. This will be at [www.audit-commission.gov.uk](http://www.audit-commission.gov.uk) or by contacting Mark Burr on 020 7166 2131.
4. All Audit Scotland reports published since 2000 can be found on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)
5. Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. Audit Scotland has prepared this report jointly for the Auditor General for Scotland and the Accounts Commission for Scotland:
  - The Auditor General is responsible for securing the audit of the Scottish Executive and most other public bodies in Scotland, except local authorities. He investigates whether spending bodies achieve the best possible value for money and adhere to the highest standards of financial management. The Auditor General is independent and is not subject to the control of the Scottish Executive or the Scottish Parliament.
  - The Accounts Commission for Scotland was set up in 1975 and is independent of both central and local government. The commission checks whether local authorities, fire and police boards spend £9 billion of public money properly and effectively.