

National Fraud Initiative in Scotland

Self-appraisal checklist



 AUDIT SCOTLAND

Prepared by Audit Scotland
July 2022

Contents

Contents	2
Background	3
Self-appraisal checklist	4
How to work more efficiently	5
Appendix 1	6
Appendix 2	10

Background

- 1.** The National Fraud Initiative (NFI) in Scotland is a counter-fraud exercise led by Audit Scotland and overseen by the Cabinet Office for the UK as a whole. It uses computerised techniques to compare information about individuals held by different public bodies and on different financial systems, and that might suggest the existence of fraud or error.
- 2.** It means that public bodies can take action if any fraud or error has taken place, and it allows external auditors to assess fraud prevention arrangements which [those bodies](#) have.
- 3.** More information about the NFI is available on our [counter-fraud hub](#).

Self-appraisal checklist

4. [Appendix 1](#) includes a two-part checklist that we encourage all participating bodies to use to self-appraise their involvement in the NFI prior to and during the NFI exercises.

- Part A is designed to assist audit committee members when reviewing, seeking assurance over or challenging the effectiveness of their body's participation in the NFI.
- Part B is for staff involved in planning and managing the NFI exercise.

How to work more efficiently

5. Audit Scotland continues to encourage organisations to review and investigate NFI matches efficiently and effectively. This enables them to make better use of their limited resources. Some suggestions for improving efficiency and effectiveness are included at [Appendix 2](#).

Appendix 1

Self-appraisal checklists

Part A: For those charged with governance	Yes/No/Partly	Is action required?	Who by and when?
Leadership, commitment and communication			
1. Are we aware of emerging fraud risks and taken appropriate preventative and detective action?			
2. 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?			
3. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?			
4. Have we considered using the point of application data matching service offered by the NFI team (AppCheck), to enhance assurances over internal controls and improve our approach to risk management?			
5. Are NFI progress and outcomes reported regularly to senior management and elected/board members (e.g., the audit committee or equivalent)?			
6. 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?			
7. Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?			
8. Do we review how frauds and errors arose and use this information to improve our internal controls?			
9. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (eg, successful prosecutions)?			

Part B:	Yes/No/Partly	Is action required?	Who by and when?
For NFI Key Contacts and users			
Planning and preparation			
1. Are we aware of emerging fraud risks and taken appropriate preventative and detective action?			
2. Are we investing sufficient resources in the NFI exercise?			
3. Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available? This includes considering the quality of data.			
4. Is our NFI Key Contact the appropriate officer for that role and do they oversee the exercise properly? Are our Key Contact's details up to date on the NFI system?			
5. Does our Key Contact have the time to devote to the exercise and sufficient			

authority to seek action across the organisation?			
6. Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that NFI can deter fraud and that there is value in the assurances that we can take from low outcomes?			
7. Do we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements?			
8. Do we plan to provide all NFI data on time using the secure data file upload facility properly?			
9. Have we considered using the point of application data matching service offered by the NFI team (AppCheck) to enhance assurances over internal controls and improve our approach to risk management?			
Effective follow-up of matches			
10. Do all departments involved in NFI start the follow-up of matches promptly after they become available?			
11. Do we give priority to following up high-risk matches, those that become quickly out-of-date and those that could cause reputational damage if a fraud is not stopped quickly?			
12. Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?			
13. (In health bodies) Are we drawing appropriately on the help and expertise available from NHS Scotland Counter Fraud Services?			
14. Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or			

reporting to the Procurator Fiscal)? Are we recovering funds effectively?			
15. Do we avoid deploying excessive resources on match reports where early work (e.g., on high-risk matches) has not found any fraud or error?			
16. Where the number of high-risk matches is very low, are we adequately considering the medium and low-risk matches before we cease our follow-up work?			
17. Do we follow up matches which indicate a customer may be eligible for a benefit or service which they currently do not receive?			
18. Overall, are we deploying appropriate resources on managing the NFI exercise?			
Recording and reporting			
19. Are we recording outcomes properly in the secure website and keeping it up to date?			
20. Do staff use the online training modules and guidance on the secure website, and do they consult the Cabinet Office NFI team if they are unsure about how to record outcomes (to be encouraged)?			
21. If, out of preference, we record some or all outcomes outside the secure website, have we made arrangements to inform the Cabinet Office NFI team about these outcomes?			

Appendix 2

Suggestions for improving efficiency and effectiveness

Area	How to work more efficiently
Use the NFI software efficiently	Ensure staff involved in the NFI keep up to date with new features of the web application and good practice, by reading the guidance notes and watching the online training modules before they begin work on the matches.
Act upon the matches that are time critical, so I identify overpayments at an early stage	Key Contacts should schedule staff resources so that time critical matches, such as housing benefit to students, can be dealt with as soon as they are received.
Coordinate investigations across internal departments to avoid duplication of effort or delays in identifying overpayments	Key Contacts should coordinate investigations across internal departments and, eg organise joint investigation of single person discount matches involving housing benefit, to ensure all relevant issues are actioned.
Only spend time looking at matches that meet local fraud risks	<p>Use the tools within the web application, such as the filter and sort options or data analysis software, to help prioritise matches that you deem the highest risk.</p> <p>You should also look back to see which reports in a previous exercise gave you outcomes.</p> <p>This will save time and free up staff for the most important investigations.</p>
Respond to enquiries from other organisations that take part in the NFI promptly	The web application shows the number of shared comments which require a response (Outstanding Actions). These responses should be prioritised if they relate to an ongoing investigation so that it can be progressed promptly.

Address data quality issues highlighted within the web application Data Quality Module before the next NFI exercise	Review the quality of the data supplied before the next exercise as external providers normally have to phase in changes to extraction processes. Better data quality will improve the quality of resulting matches.
Prioritise employee fraud recovery and the use of civil sanctions	Develop capability and capacity to punish fraudsters, ensuring that investigations are not abandoned if the individual resigns, leaves the property etc. Seek, through collaborating with law enforcement and the courts, the recovery of defrauded funds.

Source: Cabinet Office NFI web app
