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News release

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Data matching exercise is tackling public sector fraud and error

A national detection exercise by Audit Scotland and other public bodies has identified fraud and error overpayments, savings and other outcomes worth almost £20 million.

An Audit Scotland report published today, *The National Fraud Initiative in Scotland*, sets out the results of the 2010/11 exercise, the fourth time the NFI has been carried out in Scotland. The exercise involved 81 bodies, the largest and most diverse group yet, including councils, police forces, fire and rescue services, health boards, the Scottish Public Pension Agency and the Student Award Agency for Scotland.

Data on deceased persons, public sector employees and pensioners, benefit applicants, council tax records, failed asylum-seekers, disabled parking permits, expired visas, personal alcohol licences and students was compared to look for potential inconsistencies that might suggest fraud or error. These 'matches' were then followed up to identify fraud and error, stop overpayments and, where possible, recover the sums involved. NFI 2010/11 has resulted in outcomes worth £19.8 million.

Auditor General for Scotland Robert Black said: "Most people are honest and behave with integrity. Some do make genuine mistakes, but there is a small number who set out to cheat the public sector. Our successful National Fraud Initiative should be a deterrent. This is the fourth time the initiative has been carried out in Scotland. It has had results worth almost £20 million of public money, and the cumulative results of the NFI for Scotland since it was first introduced are now at £78 million."

The report says previous exercises have shown that results continue to be returned over subsequent years. Based on earlier NFI exercises, Audit Scotland expects further outcomes worth between £4 million and £6 million from the 2010/11 initiative in addition to those already achieved. The 2010/11 NFI has also resulted in 318 housing benefit frauds being stopped, the prosecution of 45 cases of alleged fraud, and public organisations identifying 184 pensioners whose deaths had not been reported to them and stopping those pension payments.

Assistant Auditor General, Russell Frith, said: "The NFI is a prime example of how the audit process can make a measurable difference for public bodies and the citizens they serve. While there are significant financial results from this exercise, it can also have a major impact in reducing fraud and error, and providing assurance to the public. For example, benefits matches in the 2010/11 exercise are 40 per cent lower in financial value than the last initiative. This suggests previous NFIs have identified the most significant frauds and errors; the NFI is acting as a deterrent; and public bodies are improving their systems."

The NFI in Scotland is similar to exercises undertaken elsewhere in the UK. Data is processed by the Audit Commission in England using a secure web-based system.

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Notes to Editors:

1. The value of NFI to the public purse is measured by: the amounts of overpayments (whether due to error or fraud) that are identified and stopped and in some cases recovered; estimates of amounts that bodies will save by stopping incorrect payments that would have continued if not identified by NFI; and, in some cases, attaching an appropriate value to other significant findings. We refer collectively to these as 'outcomes'.

2. The scale and complexity of the NFI across the UK means it takes two years to undertake each exercise from start to finish. Bodies also need time to investigate the matches from one exercise before they have to move on to the next.

3. All Audit Scotland reports published since 2000 can be found on Audit Scotland's website www.audit-scotland.gov.uk

4. 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.