

NATIONAL FRAUD INITIATIVE

Introduction

It is essential that public bodies have adequate controls in place to prevent and detect fraud and error. Fraud in central and local government is a major concern of those bodies as well as of the Comptroller and Auditor General (C&AG) and local government auditors. Data matching is one of the tools that can be used to combat fraud against the public sector.

The C&AG has been given statutory powers to conduct **data matching** exercises for the purpose of **assisting in the prevention and detection of fraud**. The new powers are contained in Articles 4A to 4H of the Audit and Accountability (Northern Ireland) Order 2003 as inserted by the Serious Crime Act 2007.

What is Data Matching?

Data matching involves comparing sets of data, such as the payroll or benefits records of a body, against other records held by the same or another body. This allows potentially fraudulent claims and payments to be identified. Where no match is found, the data matching process will have no material impact on those concerned. Where a match is found it indicates that there may be an inconsistency that requires further investigation by the participating body.

Who can participate?

Under the Audit and Accountability (Northern Ireland) Order 2003, the C&AG may require:

- any body whose accounts are required to be audited by the Comptroller and Auditor General, other than any body whose accounts are required to be audited by virtue of section 55 of the Northern Ireland Act 1998 which includes North/South Implementation Bodies audited jointly by the Comptroller and Auditor General and the Irish Comptroller and Auditor General; and
- any body whose accounts are required to be audited by a local government auditor

to provide data for data matching exercises. Bodies required to participate in this way are referred to in the Code of Data Matching as **mandatory participants**. Any other body or person may provide data voluntarily for data matching exercises if the Comptroller and Auditor General decides that it is appropriate to use their data. This includes bodies or persons outside Northern Ireland. These are referred to as **voluntary participants** in the Code.

Code of Data Matching

The use of data for data matching purposes is governed by the C&AG's **Code of Data Matching Practice**, the purpose of which is to help ensure that the C&AG, the Northern Ireland Audit Office, and all persons and bodies involved in data matching exercises comply with the law, especially the provisions of the Data Protection Act 1998 and to promote good practice in data matching. The Code was prepared in consultation with the Information Commissioner and other stakeholders and was laid by the Department of Finance and Personnel before the Assembly on 25 July 2008. A copy of the code is available on this website by following the link [Code of Data Matching Practice](#)

National Fraud Initiative (NFI)

The Audit Commission has been conducting a sophisticated data matching exercise since 1996 under the banner of the National Fraud Initiative (NFI) (www.audit-commission.gov.uk/nfi).

NFI 2008/09

Using his new powers, the C&AG participated in NFI 2008/09. Over 70 public sector bodies in Northern Ireland provided data for the exercise. The Audit Commission has reported on the overall NFI 2008/09 exercise (<http://www.audit-commission.gov.uk/nfi/reports/pages/default.aspx>). We will produce a separate report in 2010.

NFI 2010/11

In conjunction with other public sector audit agencies in the UK, we have launched our next exercise, NFI 2010/11. This new data matching exercise will include additional Northern Ireland public bodies and some new data sets. The Audit Commission will carry out key aspects of the exercise on behalf of the C&AG, including the collection and processing of data. As in NFI 2008/09, the data obtained for the 2010/11 exercise will be matched on a cross jurisdictional basis in the UK.

Instructions for NFI in Northern Ireland 2010/11

The roles and responsibilities of participants are set out in the document, National Fraud Initiative in Northern Ireland 2010/11 Instructions, and can be accessed at: [NFI in Northern Ireland Instructions](#). These instructions also provide full details of the 2010/11 timetable and the data specifications.

Fair Processing Notices

In accordance with the Code of Data Matching Practice, participants in the C&AG's data matching exercises should inform individuals that their data will be processed as required by the Data Protection Act 1998. The Information Commissioner recommends a layered approach to fair processing notices. Usually there are three layers: summary notice, condensed text and full text. Taken together, the three layers comprise the fair processing notice.

The full text includes an explanation of the legal basis for the C&AG's data matching exercises and a more detailed description of how the Initiative works. This can be accessed at: [Layered Fair Processing Notice Level 3](#).

NFI Workshop 24 June 2010

NIAO, in conjunction with the Audit Commission, is holding a workshop in the morning of 24 June 2010 for bodies participating in NFI for the first time. The purpose of the workshop is to give these bodies a clear understanding of what the exercise entails and the role that they will be expected to play within it, as well as an opportunity to participate in a Question and Answer session.

Public Accounts Committee Hearing

The Public Accounts Committee received a presentation on the NFI at its meeting on 3 April 2008. The Committee views the NFI as a key tool in the armoury against fraud and error, issues which the Committee has consistently highlighted in other reports. The Report of the Committee can be viewed at: [insert web address]

The NIAO provided the Public Accounts Committee with a progress report on the implementation of the C&AG's new power to data match in April 2009.

Press Notices

[NIAO: Press Releases - Consultation on Data Matching Practice](#) issued March 2008

Key documents

[Code of Data Matching Practice](#) (144 KB, Adobe PDF Format)



[NFI-in-northern-ireland-instructions 2010/11.pdf](#) (134 KB, Adobe PDF Format)



[Layered Fair Processing Notice - Level 3.pdf](#) (25 KB, Adobe PDF Format)

Further information can be obtained from:

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Links

www.audit-commission.gov.uk/nfi