



Northern Ireland Audit Office

The National Fraud Initiative: Northern Ireland

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
17 June 2014



Northern Ireland Audit Office

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Comptroller and Auditor General

Northern Ireland Audit Office
17 June 2014

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Abbreviations

BBIS	Blue Badge Improvement Scheme
C&AG	Comptroller and Auditor General
CPD	Central Procurement Directorate
DFP	Department of Finance and Personnel
DFT	Department for Transport
DPA	Data Protection Act
DRD	Department for Regional Development
DSD	Department for Social Development
FMS	Flexible Matching Service
GRO	General Register Office
LPA	Lone Pensioner Allowance
LPS	Land and Property Services
NFI	National Fraud Initiative
NIAO	Northern Ireland Audit Office
NICS	Northern Ireland Civil Service
NIHE	Northern Ireland Housing Executive
NILGOSC	Northern Ireland Local Government Officers' Superannuation Committee
SSA	Social Security Agency
UK	United Kingdom
VAT	Value Added Tax

Foreword

Fraud continues to be a threat, and indeed a reality, which diverts public funds away from the provision of goods and services. As the tough economic climate continues, fighting fraud must remain an urgent priority. Every public sector body has a duty to demonstrate a zero tolerance to fraud and to play its part in challenging those who seek to commit fraud against the public sector. Fraud is NOT a victimless crime – we all pay the price.

Under statutory powers inserted in the Audit and Accountability (Northern Ireland) Order 2003 by the Serious Crime Act 2007, I am able to undertake data matching exercises for the purpose of assisting the prevention and detection of fraud. These powers have strengthened the fight against fraud. The main data matching tool used is the National Fraud Initiative (NFI).

It is important that Northern Ireland public sector bodies maximize the impact of this Initiative by participating in data matching and making the NFI a key element of their counter-fraud strategies. As the Assembly's Public Accounts Committee has stated, the NFI is **“a key tool in the armoury against fraud and error”**.

This is the third NFI exercise to be undertaken in Northern Ireland. **The success of NFI relies on the commitment and significant effort of all participating organisations, and I commend all those involved in the review and investigation of data matches for the essential work that they do.**

The results speak for themselves, with outcomes for the first three NFI exercises in Northern Ireland of almost £30 million. This figure represents both current and past fraud stopped and potential fraud in the future averted. Nationally, outcomes from data matching through the NFI stand at over £1 billion.

Given progress to date, it is important that commitment to the NFI remains strong and that new ways are sought of using data matching to detect and prevent fraud and error. I have developed a strategy for the wider application of the NFI in Northern Ireland and my staff will be taking this forward over the coming years. I continue to welcome suggestions for further potential data matches that could help in the prevention and detection of fraud.

Kieran Donnelly

Comptroller and Auditor General

Executive Summary

The NFI's success is founded on wide participation and partnership working

1. The National Fraud Initiative (NFI) is a major data matching exercise undertaken every two years which enables public audit agencies in the UK¹ to participate in cross-jurisdictional data matching for the purposes of identifying fraud, error and overpayment.
2. This is the third exercise to be undertaken in Northern Ireland. Over 100 bodies across the public sector participated, including central government departments, agencies, non departmental public bodies, local councils and health sector bodies.
3. Cross-jurisdictional matching means that the data of over 1,300 organisations has been compared, in order to highlight inconsistencies which may require investigation.

The continuing commitment of participating bodies is key to the success of the NFI

4. Participating bodies must be commended for the significant work they do in preparing data for matching and in investigating the matches that they receive, in line with their local assessment of fraud risk.

Data security is an essential element of the NFI

5. Data matching under the NFI involves processing large amounts of personal data using a sophisticated computerised system, in order to highlight inconsistencies which could indicate the existence of fraud or error. The NFI operates in line with the Data Protection Act 1998 and with a Code of Data Matching Practice.

The outcomes to date clearly show the value of data matching

6. Total NFI outcomes² for the first three exercises in Northern Ireland are almost £30 million (see Appendix 1). Between 1 April 2012 and 31 March 2014, local participation in NFI resulted in outcomes of £5.5 million, including:
 - over £3.3 million of pensions fraud and overpayments;
 - over £1.6 million of housing benefit fraud and overpayments; and
 - over £350,000 of rates fraud and overpayments.
7. The outcomes figure of £5.5 million comprises actual outcomes of £2.1 million and estimated outcomes of £3.4 million (see footnote 2). Key findings are at Figure 1.

1 Audit Commission, Northern Ireland Audit Office, Audit Scotland, Wales Audit Office

2 Outcomes include the value of incorrect payments (due to fraud or error) which are stopped, and an estimate of future savings achieved by no longer making these incorrect payments.

8. The latest results show the continued value of data matching as a means of protecting the public purse against fraud.
9. The NFI provides both quantitative benefits, for example the identification and recovery of overpayments made as a result of fraud or error, and qualitative benefits, for example the cleansing of datasets³ leaving bodies less vulnerable to fraud.

Experience of the NFI has helped participating bodies refine their approach

10. The growing experience of participating bodies in dealing with their data matches has enabled them to refine their approach. There is less evidence of over-investigation of matches.
11. Northern Ireland Audit Office (NIAO) staff continue to monitor the approach of participating bodies. This involves discussion with relevant personnel, such as the director of finance and key contact, and review of progress on investigations through the examination of data match reports on the secure NFI website.

There are encouraging examples of good practice by participating bodies

12. Examples of good practice in relation to how participating bodies are

embedding the NFI into their counter-fraud work are:

- the inclusion of the NFI as a standing agenda item for the Audit Committee, with reporting to the full Board or Council as appropriate;
- NFI results used to inform Internal Audit plans;
- NFI investigation plan approved by the Audit Committee before commencement of investigation work;
- consideration of an internal fraud bulletin, along with posters and articles in relevant internal publications;
- inclusion of NFI outcomes as a key performance indicator in the accountability review process; and
- recognition in the organisation's risk register of the NFI as a mechanism for managing the risk of fraud.

Some participating bodies could improve how they implement the NFI

13. Our previous report on the NFI⁴ included a checklist of questions for participating organisations to help them ensure that the NFI was embedded in their counter-fraud work and was operating in line with recommended practice. Audit staff found examples of recommended practice still not being followed.

3 Data matches can highlight duplication or inconsistencies in data records which need to be corrected or "cleansed".

4 The National Fraud Initiative: Northern Ireland, NIAO, June 2012

Executive Summary

14. Key points of concern arising from this year's monitoring work include:
- A number of participating bodies still do not refer to the NFI in their counter-fraud policies or report on NFI investigation work to their audit committee. While we accept that some bodies do not have significant outcomes to report, they can still report on the positive assurance to be taken from both a small number of matches and few, or no, outcomes.
 - There is still evidence of over-investigation by some participating bodies. Organisations should target investigations on known fraud risks and should not continue to investigate matches when no fraud or error is being found.
 - Some participating bodies continue to do much of their NFI work offline, with results and outcomes uploaded to the secure NFI website at a later stage. This has the two-fold disadvantage of creating more work than is necessary and increasing the risk to data security.

NIAO will continue to develop the NFI in conjunction with public audit partners

15. As the Audit Commission continues to develop the NFI, with an increasing focus on fraud prevention, the NIAO will work with participating bodies in Northern Ireland to consider how any developments can be applied locally.
16. In addition, the NIAO has developed a Strategy which sets out plans for extending the coverage of the NFI in Northern Ireland, in terms of both additional participants and inclusion of additional datasets.

Figure 1: Key Findings in the third NFI exercise

Housing Benefit

- Outcomes of £1.6 million since April 2012
- 357 cases of fraud or error detected

Domestic Rates

- Outcomes of over £350,000 since April 2012
- 63 cases of suspected rates evasion detected

Pension Payments

- Outcomes of over £3.3 million since April 2012
- 75 cases of fraud or error matching pension records to death records
- 12 pension abatement error cases

Trade Creditors

- Outcomes of just over £100,000 since April 2012, representing overpayments to suppliers where recovery has been, or is being, sought
- 73 cases of error resulting in overpayments

Blue Badges and Travel Passes

- Over 5,000 matches between blue badge holders and death records, all now cancelled on the blue badge system
 - Almost 9,800 matches between concessionary travel pass holders and death records, all now cancelled
-

Part One:
NFI Outcomes

Part One: NFI Outcomes

The NFI is an important counter-fraud tool

- 1.1 Preventing and detecting fraud is an essential part of maximizing front line resources. The more that is lost to public sector fraud and error, the more taxpayers and service users suffer.
- 1.2 It is essential that public sector organisations have a strong anti-fraud culture and clear and effective strategies for tackling fraud and error. It is also essential that they publicize their zero-tolerance approach so that those seeking to defraud the public purse are aware of the consequences.
- 1.3 The National Fraud Initiative (NFI) is a major data matching exercise that is undertaken every two years (see Appendix 2). It has been endorsed by the Assembly's Public Accounts Committee as *"a key tool in the armoury*

against fraud and error." Fraudsters will often target a range of organisations at the same time, so being able to compare data across a wide range of UK organisations is a major advantage of the NFI.

Participating bodies submit a range of datasets for matching

- 1.4 Participating bodies submit a range of datasets including payroll, pensions, trade creditors, housing benefit, blue badges, concessionary travel passes, taxi driver licenses, private supported care home residents and domestic rates.
- 1.5 Examples of the types of matches undertaken and the potential fraud or error they may reveal are set out in Figure 2.

Figure 2: Examples of data matches

Data match	Potential fraud or error
Payroll to payroll	Employee working elsewhere while on sick leave
Housing benefit to payroll	Claimant not declaring income which may remove or reduce entitlement to benefit
Pensions to death records	Pension fraudulently or erroneously paid where the pensioner has died and pension administrator has not been notified
Blue badges to death records	Fraudulent use of badge where badge holder is deceased
Private supported care home residents to death records	Care home continuing to receive payments after the resident's death

The third NFI exercise produced over 280,000 data matches in Northern Ireland

- 1.6 This is the third exercise in Northern Ireland; it included datasets from 110 Northern Ireland public sector bodies⁵ (see Appendix 3). Just over 203,000 matches were identified in the main exercise. In addition, three pilot data matches (see paragraphs 1.57 to 1.65) generated a further 80,000 matches.
- 1.7 A match does not necessarily indicate that fraud is present; it highlights an inconsistency which may require further

investigation to confirm that no fraud is present. There may be an acceptable reason for the match.

- 1.8 The majority of matches were made available to participating bodies via the secure NFI website in January 2013. Bodies then carried out investigations in accordance with guidance from the NIAO and in line with their own fraud risk assessments and knowledge of their key business areas.
- 1.9 Figure 3 shows the number of matches by dataset.

Figure 3: Number of Data Matches 2012-13

Dataset	Number of matches
Rates	70,874
Creditors	68,226
Housing benefit	30,501
Payroll	12,983
Concessionary travel passes	9,759
Blue badges	5,117
Pensions	4,264
Housing tenants	793
Private care home residents	666
Insurance and other	26
Total – main exercise	203,209
Pilot - rates	6,955
Pilot – social security benefits	72,243
Pilot – civil legal aid	827
Total - pilots	80,025

Source: Audit Commission

5 New participants for 2012-13 are the Community Relations Council, Stranmillis University College and St Mary's University College

Part One: NFI Outcomes

Bodies should have a sound rationale for selecting matches for investigation

- 1.10 Around 30,000 matches (15 per cent) in the main exercise were categorized by the Audit Commission as recommended filter matches. These are the highest priority matches which should ideally be reviewed and investigated where appropriate. However, participating bodies may reprioritize matches based on their known fraud risks (see Appendix 2, paragraph 9).
- 1.11 The Department of Finance and Personnel (DFP) has issued guidance⁶ on fraud risk. Bodies should ensure that their rationale for prioritizing and investigating matches is based on a robust fraud risk analysis.

Investigations to date have again resulted in significant outcomes

- 1.12 Between 1 April 2012 and 31 March 2014, Northern Ireland bodies identified outcomes⁷ of £5.5 million. This figure is made up of late savings from the previous exercise of £765,000 and £4.7 million of outcomes to date from the current exercise.⁸ An explanation of outcome figures used in this report is at Appendix 5.

- 1.13 When participating bodies record a case of fraud or error on the secure website, they should indicate whether the amount has been, or is being, recovered. Based on what participating bodies have recorded, 59 per cent of actual outcomes (see paragraph 7) are being recovered. This is down from 73 per cent in the last exercise but in line with a national average of 60 per cent.

Some participating bodies secure more significant outcomes than others

- 1.14 The nature of the data being matched inevitably means that some participating bodies will achieve greater quantifiable outcomes from the NFI than others. For example, housing benefit, rates and pensions matches yield greater results than payroll or creditors matches.
- 1.15 Bodies with few quantifiable outcomes have questioned the value of the NFI. It is worth emphasizing that bodies that receive few matches, or find no fraud or error in the matches they investigate, can take this as positive assurance about the effectiveness of their control environment. This in turn provides assurance in relation to their Annual Governance Statement.⁹

⁶ Managing the Risk of Fraud: A Guide for Managers, DFP, December 2011

⁷ The outcomes include both actual and estimated figures for fraud and error. Estimates are included where it is reasonable to assume that fraud and overpayments would have continued undetected without NFI data matching. The basis of calculation of these estimated figures is set out at Appendix 4.

⁸ The Audit Commission reports every two years on outcomes at the relevant 31 March. This report uses the same basis for Northern Ireland. A full explanation is at Appendix 5.

⁹ The Annual Governance Statement replaced the Statement of Internal Control in 2010-11. All departments, agencies and arms length bodies must prepare them. They bring together all disclosures relating to governance, risk and control.

The value of the NFI to the Northern Ireland public sector cannot be questioned

- 1.16 The outcomes achieved through data matching compare with a cost to the Audit Commission and the NIAO of £240,000 for running the 2012-13 exercise. These costs are recovered from participating bodies by charging fees. The fee scales are set by the Audit Commission and are based on the number and size of datasets submitted.
- 1.17 In addition, however, there will be a cost to participating bodies for staff time spent investigating matches. Bodies should determine the level of resource to be applied to investigative work, based on their assessment of fraud risk and the resources they have at their disposal.
- 1.18 The data matches provided to bodies are invaluable intelligence in relation to the organisation's counter fraud work, in particular because of the cross-jurisdictional coverage of the NFI.
- 1.19 When the costs and benefits of the NFI are considered in regional terms, the positive value of the initiative in fighting fraud is unquestionable.

prosecutions which have been secured as a result of NFI data matching. They show very clearly the ability of the NFI to detect long-standing frauds which may not have been detected in any other way.

Case Example 1

A person was claiming benefits while working for two public sector organisations. Overpayment of benefits amounted to around £47,000 over a period of six years. The person was sentenced to nine months' imprisonment, suspended for two years. A recovery plan is in place.

Source: Social Security Agency

Case Example 2

An address match revealed that a benefit claimant had failed to declare that they were living with a public sector employee. Overpayment of benefits in an eight year period amounted to almost £68,000. The claimant was sentenced to 18 months' imprisonment, suspended for three years, and is repaying the amount by monthly instalments.

Source: Social Security Agency

Successful prosecutions have been secured against fraudsters

- 1.20 The following case examples highlight some successful and significant

Part One: NFI Outcomes

Case Example 3

An address match revealed that a person had been working for a public sector organisation using one name and claiming benefits using another name. Overpayment of benefits in a four year period amounted to more than £45,000. The person was sentenced to an 18-month probation order. A recovery plan is in place.

Source: Social Security Agency

Information on successful prosecutions should be shared with fraudsters' employers

- 1.21 All public authorities have a duty to protect public money. To do this, they need to know the fraud risks they face, so that those risks can be mitigated. It is a generally accepted principle that if someone is inclined to commit fraud in one area of their affairs, then they are likely to be inclined to commit fraud in other areas. If, for example, a person has been convicted of significant benefit fraud and that person is employed in a public authority (see Case Examples 1 and 3), then that authority has an increased risk of fraud as a result of that person being a member of staff.
- 1.22 Where successful prosecutions have been secured as a result of the NFI, the fraudster's employers should be informed¹⁰ so that they can take steps to prevent potential fraud by the convicted employee e.g.

disciplinary action, change of duties or increased supervision. This has not been happening in Northern Ireland. Generally the onus would be on employees to inform their employer of any criminal convictions against them, for example, as set out in the Northern Ireland Civil Service Code of Conduct.

- 1.23 Some bodies have raised data protection concerns in relation to notifying employers. The NIAO has recently confirmed with the Information Commissioner that the Data Protection Act (DPA) is not a barrier to the sensible disclosure of information such as fraud convictions, but organisations considering making any such disclosures would need to consider these on a case by case basis to ensure they satisfy DPA requirements.
- 1.24 DFP told us that it is currently considering the issue further with the Information Commissioner's Office in order to clarify some specific points. It intends to issue guidance to departments following the outcome of these discussions.

Outcomes have been secured across a range of datasets

- 1.25 The following sections summarise the key findings in more detail.

¹⁰ Guidance on this is embedded in the NFI web application (see Appendix 1), where pop-up boxes for each type of match explain the purpose of the match and how investigations should be approached and their outcomes reported.

Housing Benefit

- 1.26 People on low incomes may receive help with their rent and rates by way of housing benefit or the granting of rate relief.¹¹ Fraud and error can occur when calculations are based on inaccurate information, for example where:
- the claimant does not declare a source of income; or
 - the claimant does not declare all residents at the address.
- 1.27 There can be automatic entitlement to housing benefit through what is termed a “passported benefit”¹². A problem with housing benefit entitlement may expose fraud or overpayment in relation to these other benefits.¹³
- 1.28 Under the NFI, housing benefit records are matched against a range of other datasets including public sector payroll and pensions, student loans and housing tenancies.
- 1.29 Just over 30,000 housing benefit matches were identified in the current exercise, across both NIHE and LPS (see footnote 11). Investigations so far have uncovered over 350 cases of suspected fraud and error. Total housing benefit outcomes in the reporting period 1 April 2012 to 31 March 2014 were over £1.6 million. This figure includes other benefits in “passported” cases.

Case Example 4

A public sector employee was working while fraudulently claiming Housing Benefit and Income Support. Overpayment of benefits amounted to £43,000 over six years. The employee was sentenced to 12 months’ imprisonment, suspended for two years. A recovery plan is in place.

Source: Social Security Agency

Case Example 5

A public sector employee fraudulently over-claimed Jobseekers’ Allowance, Income Support and Housing Benefit amounting to £46,000 over an eight year period. The employee was sentenced to 18 months’ imprisonment, suspended for 3 years. A recovery plan is in place.

Source: Social Security Agency

Case Example 6

A homeowner claiming Housing Benefit had failed to declare a former employment pension. When this was taken into account, the person was ineligible for Housing Benefit. An overpayment of almost £4,000 is being recovered.

Source: Land and Property Services

11 The Northern Ireland Housing Executive (NIHE) administers housing benefit for those who rent their homes. Land and Property Services (LPS) administers housing benefit and rate relief for those who own and occupy their own homes.

12 Claimants in receipt of specified benefits (such as income support or job seeker’s allowance), administered by the Social Security Agency (SSA), are automatically entitled to housing benefit. These specified benefits are referred to as passported benefits.

13 Investigation of NFI matches in relation to housing benefit may be undertaken by NIHE, LPS or SSA, depending on the circumstances of the case.

Part One: NFI Outcomes

Case Example 7

A homeowner is repaying £3,200 in Housing Benefit after failing to declare employment income which was later detected through the NFI data matching exercise.

Source: *Land and Property Services*

Domestic Rates

- 1.30 Domestic rates are a property tax based on the valuation of a residential property and payable by the occupier. Rates are administered by Land and Property Services (LPS).
- 1.31 A legislative change in October 2011, whereby all vacant properties became subject to rates, negated one of the rates matches previously undertaken under the NFI. However, a match to the electoral register was run, to identify cases where a property had not been registered for rates.
- 1.32 The LPS was keen to explore the use of data matching in relation to other areas of rate relief. It identified a pilot exercise in relation to the Lone Pensioner Allowance (LPA) – whereby lone pensioners over the age of 70 years are eligible for a rate rebate of 20 per cent. The pilot exercise is discussed at paragraphs 1.57 to 1.59.
- 1.33 In the current exercise, the match between the electoral register and domestic properties registered for rates

generated almost 71,000 matches. To date, around 1,000 matches have been, or are being, processed and 63 cases of rates avoidance have been detected.

- 1.34 For the period 1 April 2012 to 31 March 2014, outcomes for rates matches totalled just over £350,000.

Case Example 8

A property was registered for rates from April 2013, following confirmation of this start date by the occupant. However, NFI data matching showed that the property was occupied from August 2011. The occupant did not dispute this and has paid arrears of £4,500 in full.

Source: *Land and Property Services*

Case Example 9

NFI data matching identified a property which was not on the LPS's system. The rate payer has accepted liability for the error and is repaying arrears of more than £11,000.

Source: *Land and Property Services*

Occupational Pensions

- 1.35 Six public sector pension paying bodies¹⁴ submitted data to help identify possible fraud or error in pension payments. This can happen because:
- relatives do not notify the death of a pensioner and so a pension continues to be paid; or

¹⁴ Northern Ireland Civil Service (NICS) Pensions, Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC), Teachers' Pensions, Health Pensions, Northern Ireland Fire and Rescue Service Pensions and Assembly Pensions.

- a pensioner returns to work but fails to inform the pension paying body, thereby avoiding a pension reduction.

Deceased Pensioners

- 1.36 The NFI matched occupational pension records to death records and generated just over 1,500 matches for investigation. Most of these cases have been investigated, with 75 instances of fraud and error resulting in outcomes of £3.2 million (including estimated forward savings).

Case Example 10

A pensioner died in November 2011 but the pension paying body was not notified, only becoming aware of the death through an NFI data match. A pension overpayment of £3,500 resulted. This is being repaid by the next of kin.

Source: NILGOSC

Case Example 11

An NFI data match released in February 2013 showed the date of death of a pensioner as February 2012. The pension paying body contacted the family and received a declaration of entitlement in March 2013, allegedly signed by the pensioner. However, the pension paying body made further enquiries and received a copy of the death certificate from the General Register Office (GRO). Fraud was suspected and, following further investigation, the pensioner's son was found guilty of fraud in February 2014. The overpayment of pension amounted to £3,300 and is currently being pursued for recovery by the police.

Source: NICS Pensions

- 1.37 The NFI offers a mortality screening service for pension paying authorities which matches pensioners to death records every six months, in order to detect potential fraud and error more quickly. Both NICS Pensions and NILGOSC currently avail of this service.

Pensioners returning to work

- 1.38 Pension records are matched to payroll records to identify where a pensioner may have returned to work without notifying the pension body, thereby avoiding a reduction in pension. Over 2,700 matches were generated and 12 errors have been identified. Outcomes in relation to pension abatements amounted to just over £94,000.

Part One: NFI Outcomes

Case Example 12

A local government pensioner failed to notify the pension paying body that they had become re-employed in the same sector. Overpayment of pension amounted to £10,700. The amount is being repaid by the pensioner in instalments.

Source: NILGOSC

Case Example 13

A pensioner was identified through a data match as having been re-employed; the pension paying body was unaware of this. The total overpayment of pension was more than £12,000. Recovery is on-going.

Source: Department of Education

Payroll

- 1.39 The NFI matched payroll data across a wide range of UK public sector bodies, and with Home Office information, to identify cases of employment fraud, for example:
- employees working for one body while on long-term sick leave from another;
 - employees with two jobs where shift patterns overlap, so that it would not be possible to cover both jobs; and
 - employees with no entitlement to live or work in the UK.

- 1.40 Almost 13,000 payroll matches were generated. Twenty-six cases of fraud or error have been identified. Outcomes for payroll matches for the period 1 April 2012 to 31 March 2014 amounted to over £35,000.

Case Example 14

Through an NFI data match, a public sector body identified a part-time employee who no longer had the right to work in the UK. The employee had commenced work in January 2008 with proof of a valid visa. Leave to remain in the UK expired in November 2011 but the employer was not made aware of this. Although legislation changed in February 2008 to make the employer responsible for rechecking visas, for employees recruited before that date the onus was on the employee to notify the employer if their status changed. The employee was arrested in November 2011 regarding a criminal matter and was suspended on full pay pending police investigation, in line with the body's employment policy. In June 2013, the person was found guilty and their employment was terminated. Earnings of just over £9,000 had been paid during the period of suspension. The employer required no recovery of earnings.

Source: an education and library board

Trade Creditors

- 1.41 The NFI examines creditors' data within organisations to help identify duplicate payments and incorrect VAT calculations. Creditors' data matches can also

highlight where system improvements or “housekeeping” are needed, for example where duplicate creditor reference numbers are in use.

1.42 Matching of creditors’ data generated just over 68,000 matches, an increase of almost 25 per cent on the previous exercise. Almost 26,000 have been investigated, with 73 errors identified.

1.43 Creditors’ outcomes of over £102,000 have been identified for the period 1 April 2012 to 31 March 2014 and recovery action is ongoing. Examples of outcomes include:

- one education and library board had five duplicate payment errors amounting to £14,500 and 38 VAT errors amounting to £7,000;
- another education and library board had three duplicate payment errors amounting to £55,500, including one of £40,000;
- one local council identified five duplicate payments amounting to almost £4,500

Concessionary Travel Passes

1.44 Concessionary travel is available to people aged 60 or over for travel in Northern Ireland, aged 65 and over for All Ireland Free Travel, and to others with certain mobility or medical issues (half fare). Concessionary travel passes are

issued and administered by Translink.¹⁵

1.45 Matching of travel pass holders to death records revealed almost 9,800 cases where a pass was still in circulation, and could therefore potentially be used, after the death of the pass holder. Translink had deactivated all these passes by the end of June 2013.

1.46 Translink has entered an agreement with the GRO in Belfast to receive death records on a monthly basis, to allow earlier cancellation of passes. This should see a reduction in concessionary travel pass matches in future NFI exercises.

Blue Badges

1.47 People with severe mobility problems can apply for a blue badge which entitles them to a range of parking concessions such as free parking in “pay and display” areas. The scheme in Northern Ireland is administered by the Department for Regional Development (DRD).

1.48 Fraud can occur where someone other than the named badge holder uses a badge to avoid parking costs or where a badge remains in use after the death of the badge holder.¹⁶

1.49 Under the NFI, information on blue badge holders is matched to death records to identify badges potentially still in use after the death of the registered

15 Translink is the name under which the bus and rail companies operate. Its parent company is the Northern Ireland Transport Holding Company, which is an Arm’s Length Body of the Department for Regional Development.

16 In England, the National Fraud Authority estimates that around 20 per cent of all badges in circulation are being misused in some way, with losses estimated at £46 million a year (Annual Fraud Indicator, National Fraud Authority, June 2013)

Part One: NFI Outcomes

owner. This generated just over 5,000 matches. All these cases have been flagged on DRD's blue badge database as "not for renewal – deceased".

This means a renewal notice will not automatically be generated and the badge is effectively cancelled.

1.50 DRD prioritised 56 cases for investigation where the badge issue date was after the date of death. No frauds have been confirmed.

1.51 Blue badge holders are also matched across authorities to detect people holding more than one badge. This generated 45 matches but no frauds or errors have been noted.

1.52 The continuing high number of blue badge matches under the NFI suggests ongoing data quality issues and this is something that DRD continues to work on. Like Translink, it has entered an agreement with the GRO to obtain death records on a monthly basis so that, where necessary, badges can be cancelled much sooner. This should lead to a reduction in blue badge data matches in future NFI exercises.

1.53 The Department for Transport (DFT) introduced a Blue Badge Improvement Scheme (BBIS) in January 2012. Although it is too early to quantitatively assess the impact of the BBIS, the DFT expects that it will have a positive impact on tackling blue badge fraud in GB.¹⁷ Following the introduction of the BBIS in GB, DRD carried out a public

consultation exercise on blue badge reform in Northern Ireland in 2013. It is currently considering the next steps.

Private Supported Care Home Residents

1.54 Private care homes can receive fees from health trusts as full or part payment for the care of older people. It is possible that a resident may die yet payments continue because the health trust has not been made aware of the death, either fraudulently or erroneously. The NFI matches information about private care home payments to death records, in order to identify such cases.

1.55 The five health trusts received almost 700 matches and followed up over 400. No fraud or error was found.

The scope of the NFI in Northern Ireland has been extended through three pilot exercises

1.56 New data matches have been undertaken in three pilot exercises:

- domestic rates – lone pensioner allowance;
- social security benefits; and
- civil legal aid.

Lone Pensioner Allowance (LPA)

- 1.57 A 20 per cent rate rebate is given to people aged 70 or over who live alone. LPS, which administers rates, had evidence of fraud in relation to LPA and was keen to run a pilot to gauge the extent of possible fraud.
- 1.58 LPA records were matched to death records and electoral records to ensure that LPA recipients were still alive and living at the relevant address, and to state pension records to detect whether an additional pensioner was living at the address. A total of almost 7,000 matches was generated.
- 1.59 LPS has so far concentrated its investigations on the death records matches. Out of a total of 839 matches processed, LPS has recorded 100 cases of fraud (where the death had not been notified to LPS) and 22 cases of error. The value of LPA ended is almost £23,000.

Social Security Benefits

- 1.60 The Social Security Agency (SSA),¹⁸ which administers benefits, had evidence of fraud where self-employed farmers had not declared farm income, and asked that a pilot be undertaken, matching to four specific income-related benefits:
- income support;
 - job seekers' allowance;

- employment support allowance; and
- state pension credit.

1.61 In addition, because of evidence of fraud by public sector employees, as highlighted in our previous NFI report,¹⁹ the four benefits were matched to public sector payroll and pensions, again to detect undeclared income streams.

1.62 A total of just over 72,000 matches was generated across these datasets. DSD's Analytical Services Unit sifted and prioritised these matches based on the quality of the match and whether the income stream had been "declared" or "undeclared". An initial total of 180 "undeclared" cases was prioritised for investigation; further "undeclared" cases will be investigated on a sample basis. Investigation work is ongoing and no outcomes have yet been recorded.

Civil Legal Aid

1.63 The Legal Services Commission administers civil legal aid in Northern Ireland, which is means-tested. Its Director of Corporate Services was keen to include civil legal aid in data matching to detect undeclared income streams, following a number of fraudulent claims highlighted by whistleblowers.

1.64 It was agreed that civil legal aid claimants would be matched to public sector payroll, pensions and housing benefit. This generated just over 800 matches, 700 of which related to

¹⁸ The SSA is an executive agency of the Department for Social Development (DSD).

¹⁹ The National Fraud Initiative: Northern Ireland, NIAO, 26 June 2012

Part One: NFI Outcomes

housing benefit. It later transpired that housing benefit is not treated as income when determining eligibility so these matches were discounted.

- 1.65 Following review of the remaining cases, four payroll matches and four pension matches were referred for investigation. No fraud was found in these cases.

The value of the pilot exercises will be determined ahead of the next NFI exercise

- 1.66 The pilot exercises will be discussed with the relevant bodies ahead of the next NFI exercise, once the outcomes are known, to help inform the decision as to whether they should be incorporated into the next exercise.

Part Two:
Getting better value from the NFI

Part Two: Getting better value from the NFI

Local organisations are continuing to commit resources to the NFI

- 2.1 NFI 2012-13 is the third exercise in Northern Ireland and organisations which have participated from the start now, on the whole, have more bedded-in processes for reviewing and investigating matches. This continuing commitment is essential if the fraud risks highlighted by data matches are to be properly addressed.
- 2.2 Bodies must be commended for their very significant work and commitment to making the NFI successful and maximizing outcomes.

Adopting a risk-based approach to NFI investigations is essential if resources are to be used most effectively

- 2.5 Participating bodies have finite resources and, in all areas of work, must prioritise. This is equally true when reviewing and investigating NFI data matches. Continuing to investigate all matches when no frauds or errors are being found is a waste of resources.
- 2.6 Figure 4 sets out a number of ways in which the NFI can be used more efficiently:

There is still evidence that some bodies do not regard the NFI as a fundamental part of their counter-fraud arrangements

- 2.3 DFP's fraud risk guide²⁰ endorses the NFI as a "key part of an organisation's fraud strategy". Data matches generated by the NFI are a key source of intelligence for organisations in relation to fraud risk.
- 2.4 However, many bodies still do not refer to the NFI in their counter-fraud strategies. The NFI provides a very positive contribution to the fight against fraud and this needs to be more clearly recognised by a number of participants.

Figure 4: Using the NFI more efficiently

- Ensure that good quality data, which fully complies with the relevant data specification, is uploaded to the NFI. This will ensure better quality matches.
- Ensure that all staff involved in NFI work have watched the on-line training videos and read the guidance notes so that they are familiar with the most effective way of working.
- Ensure that work is clearly allocated so there is no duplication of effort.
- Review matches using a risk based approach so that finite resources can be applied most effectively to planned investigative work.
- Use the filter and sort options within the web application, or data analysis software, to help prioritise matches.
- To save time, make use of report comments where possible, rather than entering the same comment for multiple matches.
- Resources may be better used responding to enquiries from other organisations in relation to matches rather than continuing with needless investigative work (see paragraph 2.5).
- Work as much as possible within the web application, which is designed to streamline the whole NFI process.

Source: Audit Commission

There are encouraging examples of good practice by participating bodies

2.7 Examples of good practice in relation to how participating bodies are embedding the NFI into their counter-fraud work are:

- the inclusion of the NFI as a standing agenda item for the Audit Committee, with reporting to the full Board or Council as appropriate;
- NFI results used to inform Internal Audit plans;
- NFI investigation plan approved by the Audit Committee before commencement of investigation work;
- consideration of an internal fraud bulletin, along with posters and articles in relevant internal publications;
- inclusion of NFI outcomes as a key performance indicator in the accountability review process; and
- recognition in the organisation's risk register of the NFI as a mechanism for managing the risk of fraud.

Part Two: Getting better value from the NFI

Some participating bodies could improve how they implement the NFI

- 2.8 Our previous report on the NFI²¹ included a checklist of questions for participating organisations, to help them ensure that the NFI was embedded in their counter-fraud work and was operating in line with recommended practice. Audit staff found examples of recommended practice still not being followed. These have been raised with NFI key contacts and, where appropriate, included in the report to those charged with governance.
- 2.9 Key points of concern arising from this year's monitoring work include:
- A number of participating bodies still do not refer to the NFI in their counter-fraud policies or report on NFI investigation work to their audit committee. While we accept that some bodies do not have significant outcomes to report, they can still report on the positive assurance to be taken from both a small number of matches and few, or no, outcomes.
 - There is still evidence of over-investigation by some participating bodies. Organisations should target investigations on known fraud risks and should not continue to investigate matches when no fraud or error is being found.
 - Some participating bodies continue to do much of their NFI work offline,

with results and outcomes uploaded to the secure NFI website at a later stage. This has the two-fold disadvantage of creating more work than is necessary and increasing the risk to data security.

Participating bodies could do more to publicise their involvement in the NFI, as a deterrent to fraud

- 2.10 Prevention is better than cure so, where possible, steps should be taken to deter fraud. DFP guidance (see paragraph 2.3) highlights the importance of deterrence, which can be achieved partly by communicating successful results from the NFI exercise.
- 2.11 Organisations should consider the following steps:
- Include a prominent notice on your website home page that you are committed to tackling fraud through participation in the NFI.
 - Where there have been outcomes, such as successful prosecutions, highlight these on your website home page.
 - Include reference to the NFI on all relevant application forms so that people will think twice before submitting incomplete or fraudulent information.

- Highlight NFI participation and successful outcomes in staff newsletters or on your intranet. The NFI has shown clearly that public sector employees can be fraudsters.
-

Part Three:
What next for the NFI in Northern Ireland?

Part Three: What next for the NFI in Northern Ireland?

From 2015, there will be a new home for the NFI but the future of the initiative has been assured

- 3.1 The Audit Commission has been instrumental in the implementation of the NFI since 1996. It has facilitated the operation of the NFI in Northern Ireland since 2008 and has provided invaluable support to the NIAO.
- 3.2 The government has confirmed that, following the abolition of the Audit Commission in 2015, responsibility for the NFI will move to the Cabinet Office. It is expected that the initiative will continue unchanged.

The NIAO has developed a Strategy for the further development of the NFI in Northern Ireland

- 3.3 The NFI in Northern Ireland has achieved significant outcomes to date so it is essential that momentum is sustained through the expansion of the initiative.
- 3.4 The NIAO has developed a Strategy for securing the inclusion of additional organisations and areas of public sector expenditure in the NFI. The Strategy is a working document which will be reviewed and amended as appropriate. Some initial priorities include:
- housing associations;
 - “health tourism” fraud; and

- housing grants.

Housing Associations

- 3.5 Housing associations in Northern Ireland receive significant public funding from the Department for Social Development for capital development of the social housing stock.
- 3.6 The NIAO published a report on housing tenancy fraud²² in 2013 which highlighted that the housing associations are not sufficiently proactive in tackling tenancy fraud. The associations agreed that they needed to do more. The NIAO recommended the use of data matching, which can help to detect false succession, sub-letting, multiple properties and lack of entitlement.
- 3.7 The NIAO has now entered into discussions with the Northern Ireland Federation of Housing Associations, which is receptive to the idea of participation by the housing associations on a voluntary basis. Meetings have already been held with two of the main housing associations, which are keen to become involved in the NFI in an effort to tackle housing tenancy fraud.

Health Tourism fraud

- 3.8 Cross-border health fraud involves residents from the Republic of Ireland using a Northern Ireland address (perhaps that of a relative) to obtain free

health services to which they are not entitled. They register with a GP and once on a primary care list, they have access to secondary care, for example hospital treatment.

- 3.9 The NIAO is currently exploring the potential for matching patient lists with other datasets collected for the NFI, as an aid to determining whether a person appears to be ordinarily resident in Northern Ireland. It is hoped that this matching exercise will take place during 2014-15.

Housing grants

- 3.10 Initial discussions have been held with the NIHE about the possibility of running a pilot exercise in 2014-15 on means-tested housing grants.

Contact will be maintained with key organisations still not participating in the NFI

- 3.11 In addition to identifying new areas of data matching, NIAO's NFI Strategy includes plans to continue dialogue with key organisations, in particular security organisations such as the Police Service of Northern Ireland and the Northern Ireland Prison Service.

The use of flexible data matching is being explored for the first time in Northern Ireland

- 3.12 The NFI offers a flexible matching service (FMS) in addition to the main two-yearly exercise. Under the FMS, a group of participating bodies can undertake an additional matching exercise for a specific purpose.
- 3.13 The Audit Commission has completed a pilot exercise matching recipients of direct payments for social care to death records, to detect cases where a recipient may have died but the paying health authority had not been notified and continued to make payments. Cases of fraud were detected. This match is now being offered under FMS arrangements.
- 3.14 The five local area health and social care trusts are keen to run the direct payments match and are considering the use of FMS arrangements.

The potential for real time data matching will be monitored

- 3.15 In response to the UK Government's emphasis on fraud prevention, the Audit Commission continues to develop its real time data matching service. We will liaise with the Audit Commission on how any such initiatives may be applied in Northern Ireland.

Part Three: What next for the NFI in Northern Ireland?

The NIAO is indebted to the Audit Commission for its support in implementing the NFI in Northern Ireland

- 3.16 Once again, we thank the Audit Commission which has provided invaluable support in the development and operation of the NFI in Northern Ireland and has helped bodies here achieve very significant outcomes.

Appendix 1 (paragraph 6)

Total NFI outcomes in Northern Ireland to date

This is the third NFI report for Northern Ireland. Total outcomes to date are set out in the table below.

Dataset	Reporting period 1 April 2008 to 31 March 2010	Reporting period 1 April 2010 to 31 March 2012	Reporting period 1 April 2012 to 31 March 2014	Total to date
Housing benefit	1,322,864	5,026,800	1,651,977	8,001,641
Pensions	729,160	2,128,393	3,372,325	6,229,878
Rates	979,596	13,219,605	372,835	14,572,036
Creditors	208,536	386,635	102,868	698,039
Payroll and other	15,019	5,774	35,250	56,043
Private supported care home residents	0	14,820	0	14,820
Total	3,255,175	20,782,027	5,535,255	29,572,457

Outcomes are made up of actual fraud, error and overpayments identified by participating bodies and recorded on their web application plus, where appropriate, an estimated amount using the calculations set out in Appendix 4.

Appendix 2 (paragraph 1.3)

Overview of the National Fraud Initiative

What is data matching?

1. Data matching uses a web-based application to compare sets of data – such as payroll, pensions, benefits and trade creditors - held by public bodies on different financial systems, to uncover possible cases of fraud or error. The types of matches undertaken and the potential fraud or error they might reveal are set out below.

Data match	Potential fraud or error
Payroll to payroll	Employees working elsewhere whilst on sick leave or employees being paid for two full time posts with different organisations.
Housing benefit payments to payroll	Claimants not declaring income which may remove entitlement to housing benefit or reduce the amount of benefit payable.
Housing benefit payments to pensions	Pensioners in receipt of housing benefit not declaring their full pension income.
Housing benefit payments to taxi driver licenses	Claimants not declaring income which may remove entitlement to housing benefit or reduce the amount of benefit payable.
Pensions to death records	Pension wrongly paid to a pensioner who is deceased but relatives fail to notify the pension administrator.
Pensions to payroll	Overpayment of pension due to return to work in the same sector after retirement (if applicable).
Blue badges to death records	Fraudulent use of badge where holder is deceased.
Concessionary travel passes to death records	Fraudulent use of travel pass where holder is deceased.
Private supported care home payments to deceased persons.	Payments still being made to care home after the date of a resident's death.
Payroll to failed asylum seekers and expired visa records	Someone who is employed in the public sector but is not entitled to be in the UK.

A match indicates an inconsistency that may require further investigation; it does not mean there is definitely fraud or error.

Appendix 2 (paragraph 1.3)

The National Fraud Initiative (NFI)

2. The NFI is a data matching exercise run every two years by the Audit Commission²³ to detect frauds and incorrect payments. To date, it has identified over £1 billion of outcomes. The Comptroller and Auditor General (C&AG) participated in the NFI for the first time in 2008-09, benefiting from the infrastructure already established by the Audit Commission. Under the NFI, there is cross-jurisdictional data matching, so Northern Ireland data are matched with data from England, Scotland and Wales. To date in Northern Ireland, outcomes of almost £30 million have been identified.

Code of Data Matching Practice

3. The NFI is governed by a Code of Data Matching Practice²⁴ which ensures that data matching exercises comply with the law, in particular the Data Protection Act 1998. The Code lets individuals know why their data is being matched, the standards that apply and where they can find further information.
4. The C&AG has statutory authority to data match and does not require the consent of the individuals concerned. Participating bodies must inform individuals that their data will be processed for the purpose of detecting and preventing fraud, by way of a "fair processing notice".

Who participates in data matching?

5. Bodies whose accounts are audited by the C&AG or a local government auditor²⁵ may be required to participate in the NFI, where there is reasonable evidence that fraud is likely to be found. Other bodies may participate on a voluntary basis where the C&AG considers it appropriate. Participating bodies in Northern Ireland submit a range of datasets for matching, as set out in the following table (pilot match data sets are indicated in blue).

23 The Audit Commission is responsible for the audit of local authorities in England.

24 Prepared by the C&AG under Article 4G of the Audit and Accountability (Northern Ireland) Order 2003 and available at www.niauditoffice.gov.uk

25 Local government auditors are designated under the Local Government (Northern Ireland) Order 2005

Appendix 2 (paragraph 1.3)

Participating Bodies	Core datasets submitted
Northern Ireland departments, including executive agencies; health service bodies and other central government bodies; local government bodies; university colleges.	Payroll, Trade Creditors standing data and Trade Creditors payments history
	Additional datasets submitted
Pension paying bodies (see paragraph 1.35)	Pensions
Health and Social Care Trusts	Private supported care home residents
Roads Service	Blue badge holders
Translink	Concessionary travel pass holders
Department of the Environment	Taxi driver license holders
Northern Ireland Housing Executive	Housing benefit Housing tenants Right to buy
Department of Finance and Personnel (Land and Property Services)	Housing benefit Domestic rates Rate relief (Lone Pensioner Allowance)
Social Security Agency	Income support Job seekers allowance Employment and Support Allowance State Pension Credit State Pension
Department of Agriculture and Rural Development	Single farm payments
Legal Services Commission	Civil legal aid
The Electoral Office for Northern Ireland	Electoral register

How is data secured?

6. The NFI uses a secure web-based application for the transmission of data and for the accessing of matches by the participating bodies. Data is encrypted and uploaded directly from organisations' computer systems over a secure internet connection, is held on secure servers, and is subject to strict password access. The NFI's systems are accredited to handle, store and process information up to the restricted classification level. Additional assurance comes from ongoing joint security audits involving the UK public audit agencies, including the NIAO.

Appendix 2 (paragraph 1.3)

What training and support is given to participating bodies?

7. The NIAO, assisted by the Audit Commission, issues guidance to participating bodies, liaises with individual bodies as required to monitor progress in the investigation of matches and responds to queries that arise. Training videos are embedded in the web-based application, which give clear guidance to those involved in uploading data and reviewing and investigating matches.

How are matches investigated?

8. Participating bodies are expected to review all data match reports and apply a risk-based approach to investigation, based on their knowledge of the business areas, any assessed level of risk and the level of resources that they can devote to investigation work. **Bodies are not expected to investigate all data matches.**
 9. Data match reports separately identify recommended filter matches but NFI software allows bodies to prioritise matches based on their own filters, before commencing investigations. **It is ultimately a matter for bodies to decide which matches, and how many matches, they investigate.**
 10. The NFI web application provides a mechanism for the investigating body to record progress and outcomes on investigations. It also facilitates the sharing of information, arising from follow up and investigation, with the body on the other side of the match.
-

Appendix 3 (paragraph 1.6)

Mandatory Participants

Northern Ireland Departments:

Department of Agriculture and Rural Development
 Department of Culture, Arts and Leisure
 Department of Education
 Department for Employment and Learning
 Department of Enterprise, Trade and Investment
 Department of the Environment
 Department of Finance and Personnel
 Department of Health, Social Services and Public Safety
 Department of Justice
 Department for Regional Development
 Department for Social Development
 Office of the First Minister and Deputy First Minister
 Public Prosecution Service (non-ministerial)

Executive Agencies:

Rivers Agency
 Forest Service
 Driver and Vehicle Agency
 Northern Ireland Environment Agency
 Planning Service
 Social Security Agency
 Land and Property Services Agency
 Northern Ireland Statistics and Research Agency
 Northern Ireland Guardian ad Litem Agency
 Northern Ireland Medical and Dental Training Agency

Labour Relations Agency
 Youth Justice Agency of Northern Ireland
 Compensation Agency
 Forensic Science Northern Ireland
 Northern Ireland Courts and Tribunals Service
 Public Health Agency

Other central government bodies:

Belfast Education and Library Board
 North Eastern Education and Library Board
 South Eastern Education and Library Board
 Southern Education and Library Board
 Western Education and Library Board
 Invest Northern Ireland
 Northern Ireland Assembly
 National Museums and Galleries of Northern Ireland
 Northern Ireland Council for the Curriculum, Examinations and Assessment
 Northern Ireland Fire and Rescue Service
 Northern Ireland Housing Executive
 Northern Ireland Tourist Board
 Arts Council of Northern Ireland
 Sport Northern Ireland
 Livestock and Meat Commission
 Agri-Food and Biosciences Institute
 Libraries Northern Ireland
 Council for Catholic Maintained Schools
 Construction Industry Training Board
 Ulster Supported Employment Ltd

Appendix 3 (paragraph 1.6)

Belfast Metropolitan College
South West College
South Eastern Regional College
Southern Regional College
Northern Regional College
North West Regional College
Roads Service
General Consumer Council
Health and Safety Executive
Commissioner for Children and Young People
Northern Ireland
Equality Commission Northern Ireland
Strategic Investment Board
Northern Ireland Legal Services Commission
Probation Board for Northern Ireland
Northern Ireland Authority for Utility Regulation
Community Relations Council
Stranmillis University College

Health Services Bodies:

Business Services Organisation
Health and Social Care Board
Belfast Health and Social Care Trust
Northern Health and Social Care Trust
South Eastern Health and Social Care Trust
Southern Health and Social Care Trust
Western Health and Social Care Trust
Regulation and Quality Improvement Authority
Northern Ireland Blood Transfusion Service
NI Ambulance Service HSS Trust

Local Government Bodies:

Antrim Borough Council
Ards Borough Council
Armagh City and District Council
Ballymena Borough Council
Ballymoney Borough Council
Banbridge District Council
Belfast City Council
Carrickfergus Borough Council
Castlereagh Borough Council
Coleraine Borough Council
Cookstown District Council
Craigavon Borough Council
Derry City Council
Down District Council
Dungannon and South Tyrone District Council
Fermanagh District Council
Larne Borough Council
Limavady Borough Council
Lisburn City Council
Magherafelt District Council
Moyle District Council
Newry and Mourne District Council
Newtownabbey Borough Council
North Down Borough Council
Omagh District Council
Strabane District Council
Northern Ireland Local Government Officers'
Superannuation Committee
Arc21

Appendix 3 (paragraph 1.6)

Voluntary participants

Electoral Office

Northern Ireland Audit Office

Translink

Northern Ireland Water

St Mary's University College

Appendix 4 (footnote 7 at paragraph 1.12)

Formulae for calculating outcomes, including forward savings

Dataset	Basis of calculation
Housing benefit	Value of fraud or error detected plus forward savings calculated as the weekly benefit reduction multiplied by 13
Pensions	Cabinet Office formula: annual pension multiplied by the number of years until the pensioner would have reached the age of 90
Creditors	Value of overpayments
Rates	Value of fraud or error detected plus forward savings calculated as the average annual rates bill (£700) multiplied by 3
Payroll and other	Value of overpayments
Private supported care home residents	13 weeks x average weekly cost (£544), rounded down to £7,000

Appendix 5 (paragraph 1.12)

Report outcome figures

The Audit Commission produces the national report on the basis of outcomes over a two-year period, in this case from 1 April 2012 to 31 March 2014. Total outcomes are made up of late outcomes from the previous exercise and new outcomes for the current exercise. Total outcomes for Northern Ireland in this reporting period are £5.5 million, made up of late outcomes of £765,000 from the previous exercise and outcomes so far of £4.7 million from the 2012-13 data matches. The table below sets out the figures used in this report.

Dataset	Late outcomes from previous exercise, 1 April 2012 to 31 March 2014	Outcomes from third NFI exercise, by 31 March 2014	Report total
Housing benefit	726,133	925,844	1,651,977
Pensions	28,748	3,343,577	3,372,325
Rates	0	*372,835	372,835
Creditors	0	102,868	102,868
Payroll and other	10,000	25,250	35,250
Residential care homes	0	0	0
Total	764,881	4,770,374	5,535,255

* The rates figure includes outcomes of £22,666 from the Lone Pensioner Allowance pilot (see paragraph 1.59).

Outcomes are made up of actual fraud, error and overpayments identified by participating bodies and recorded on their web application plus, where appropriate, an estimated amount using the calculations set out in Appendix 4.

NIAO Reports 2013-2014

Title	Date Published
2013	
Department for Regional Development: Review of an Investigation of a Whistleblower Complaint	12 February 2013
Improving Literacy and Numeracy Achievement in Schools	19 February 2013
General Report on the Health and Social Care Sector by the Comptroller and Auditor General for Northern Ireland	5 March 2013
Northern Ireland Water's Response to a Suspected Fraud	12 March 2013
Department of Culture, Arts and Leisure: Management of Major Capital Projects	22 March 2013
Sickness Absence in the Northern Ireland Public Sector	23 April 2013
Review of Continuous Improvement Arrangements in Policing	3 September 2013
The Agri-Food and Biosciences Institute (AFBI)	12 September 2013
Tackling Social Housing Tenancy Fraud in Northern Ireland	24 September 2013
Account NI: Review of a Public Sector Financial Shared Service Centre	1 October 2013
DOE Planning: Review of Counter Fraud Arrangements	15 October 2013
Financial Auditing & Reporting 2013	5 November 2013
The exercise by local government auditors of their functions in the year to 31 March 2013	19 November 2013
Department for Regional Development: Archaeological Claims Settlement	3 December 2013
Sport NI's Project Management and Oversight of the St Colman's Project	10 December 2013
2014	
The Future Impact of Borrowing and Private Finance Initiative Commitments	14 January 2014
Improving Pupil Attendance: Follow-Up Report	25 February 2014
Belfast Metropolitan College's Titanic Quarter PPP Project	25 March 2014
Safer Births: Using Information to Improve Quality	29 April 2014
Continuous Improvement Arrangements in Policing	6 May 2014
Improving Social Housing through Stock Transfer	3 June 2014



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