



At a Glance: Outcomes to Date

Thanks to everyone's continued efforts outcomes from the 2010/11 exercise recorded so far stand at £65 million.

These include:

1,073 deceased pensioner cases (£36m)

4,018 housing benefit cases (£8.6m)

60 residential properties recovered

195 private care home residents to deceased cases (£0.5m)

791 duplicate creditor payments (£2.1m)

10,754 blue badges and **25,273** free travel passes cancelled following death of badge holder

Thank you!



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All Change in the NFI Team

Welcome to the fourth key contact briefing for NFI 2010/11, and the first one since Peter Yetzes retired, as the Commission's Head of NFI. Peter is clearly a hard act to follow but I and all the team are relishing the challenge!

The most significant recent development has been the launch of our real time data matching service. This initiative is a key milestone in the development of the NFI. The service, sitting alongside the well-established fraud detection data matching, extends the focus of NFI to fraud prevention.

We have also launched a number of pilot data matches. These include introducing the Metropolitan Police's Amberhill intelligence on false and stolen identifies.

More information on the real time service and the Amberhill pilot is included in this briefing.

A procurement exercise to find a supplier to deliver NFI in the period April 2012 through to December 2018 is in progress. Our requirements, which cover both batch and real time data matching, emphasise the need to retain the flexibility that has been essential in enabling the NFI to respond to emerging fraud risks.

We continue to work closely with DCLG and other stakeholders to secure the most appropriate new home for NFI. The new NFI supplier contract will allow novation to any public body to which the Commission's statutory data matching functions transfer. We will inform you as soon as it becomes clear where NFI will be relocated.

Darren Shillington, Head of the NFI Team



Quick Reminders

Second Milestone Reached!



We are often asked for guidance on when the review and investigation of matches should be completed. We have included suggested milestones in the online training modules and frequently asked questions and the end of September 2011 milestone has just passed .

By now we would expect to see a good proportion of the matches selected for investigation closed, with sanctions and outcomes identified. If our monitoring identifies a body that is making only limited progress, we will contact you to agree an action plan to get you back on target.

Reviews and Visits

We are committed to ensuring that you get maximum benefits from the NFI matches. So as usual over the coming months we will carry out progress reviews and visits to high risk participants to provide further guidance and support; gather feedback; share best practice from across the UK and update participants on further NFI developments and new matches.

We will also include a number of other participants whose progress with their NFI matches is below their sector average. Our selection criteria for these other participants will consider progress based on a range of criteria including total number of matches; matches processed and exported; user activity and financial outcomes.

If you are having any problems progressing your NFI matches and would like some advice or guidance on how to get back on target please contact a member of the NFI Team. This support can be provided in a number of ways such as a visit, telephone call or video conference whichever is the most suitable way for you.

External Auditor Risk Assessment

External auditors of bodies where auditors are appointed by the Audit Commission are required to complete an NFI auditor risk assessment. The assessment comprises a series of short questions for the auditor to complete. Therefore, you may be contacted by your external auditor to discuss your progress with your NFI matches. This is an opportunity for you to raise and discuss any specific local issues or examples of good practice.

Different arrangements exist in Northern Ireland, Scotland and Wales, please contact your regional lead for more information .

Real Time Data Matching

Preventing Fraud

In September 2011 we launched our real time data matching service following pilots with major financial institutions. The service will help highlight applications for credit from someone with no right to stay and, if applicable, no right to work in the UK. It will provide almost instantaneous feedback on the immigration status of applicants. The service builds on the existing web application technology. It changes our focus from detecting fraud after the event to fraud prevention – stopping fraud before it takes place.

“NFI should be deployed ‘more widely as a near real-time tool to enable data matching between departments and between central and local government’.

Cabinet Office Counter Fraud Taskforce Report, June 2011

A recent Cabinet Office Counter Fraud Taskforce report stated that the NFI should be deployed ‘more widely as a near real-time tool to enable data matching between departments and between central and local government’. The Taskforce also proposes significant improvements to data sharing across both the public and private sectors. These proposals mean that the NFI real time service could become the cornerstone of fraud prevention in local government.

There are many other areas where NFI real time matching can bring clear and significant benefits to the public and private sectors. We will consult with existing NFI participants and other stakeholders on how best to expand real time data matching to focus on the areas of greatest risk/reward. One obvious potential candidate might be housing benefits and payroll.

For further information on real time matching and specifically ‘Phase 1 – preventing fraud against financial institutions’ please visit www.audit-commission.gov.uk/realttime

Revamped External Web Pages

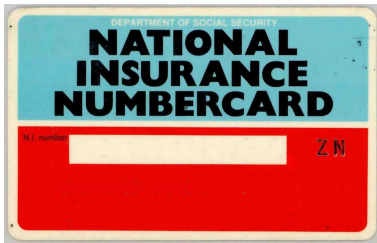


You may have already noticed that our web pages within the Audit Commission web site have been updated. They were updated as part of a Commission wide exercise but we took the opportunity to add some new case studies, guidance for new participants and information about our real time service.

Please take a moment to have a look around www.audit-commission.gov.uk/nfi

New Reports & Pilots

Payroll to NI Number check (Report 83)



In July we released payroll to national insurance number check matches within report 83. The report identifies instances where there appears to be an error in the National Insurance Number (NINO) held on the payroll. The match may simply be an input or administrative error or it may signal that the employee is deliberately using a false NINO. If you haven't already looked at this report we encourage you do so as soon as possible.

A NINO is made up of two letters (prefix), six numbers and a final letter (suffix). We have intentionally removed the suffix from the end of the NINO. The suffix dates from when contributions were recorded on cards that were returned annually, staggered throughout the tax year, and no longer serves a function. It is the combination of the prefix and the six numbers that creates the unique NINO therefore the suffix is not relevant for validation purposes.

“167”
NINO payroll records
corrected to date

Some prefixes are invalid or have never been issued by HM Revenue and Customs (HMRC). Where an employee record is found to have an invalid prefix or a date of birth outside the valid range for that prefix we have included it within this report.

Case Study - National Insurance Number Validation

A national insurance (NI) number on the payroll data file provided by a leading housing association appeared on a NFI report because it did not pass a NI number validation test. The housing association checked their records and could not find a data entry error so asked Her Majesty's Revenue and Customs (HMRC) to trace the number on their system. HMRC confirmed the NI number was valid, but said it belonged to a different person.



The employee was asked to produce documentation to prove his NI number. The housing association also asked UK Border Agency to confirm the employee's right to work and right to stay in the UK. The UK Border Agency advised the housing association that it was highly likely that the evidence the employee had supplied was counterfeit. When confronted with this information, the employee refused to return to work and, after taking advice from ACAS, he was dismissed.

The employee had worked for the housing association for three years and had been paid more than £60,000 during this time. He had worked in the UK for some years prior to his appointment, including at another leading housing association. Additionally, the recruitment agency which placed the employee was one of the leading companies in the recruitment sector.

Staff Related Council Tax SPD Fraud Pilot (Report 85)

We may have contacted you recently to advise you of some new pilot matches that were released to a group of NFI participants. If you have matches, they are in report 85 in the 2010/11 NFI web application. The pilot involves matching payroll data, uploaded in October 2010, to council tax to electoral register matches, released in March 2010. The purpose of this match is to identify individuals who are on your payroll whose names and addresses match your NFI council tax to electoral register records. This match may indicate where an employee has inappropriately received a council tax single person discount.



Amberhill Pilot (Fraud Data)

In September we released new matches as part of phase two of the Amberhill Police Intelligence Pilot to 203 NFI participants. Participants data was matched to the Amberhill false identity data to identify individuals that may be committing fraud against your organisation. Phase one of the pilot used historic NFI 2008/09 data and identified a number of frauds including a council tenant who had used false documents and a fraudulent passport being used to support a housing benefit claim.

“£25,266”

Fraudulently obtained housing benefit outcome already achieved

The identity could be made up, hijacked or stolen from real people and therefore differs from those traditionally identified by NFI. The matches require a different follow up approach and we have issued comprehensive guidance to support the participants receiving matches. The Amberhill team is also providing specialist advice and assistance, initially via the NFI web application.

It is important to remember that there is a risk that the person on your database may be the victim of the identify fraud rather than a fraudster. So investigations should be completed sensitively to avoid embarrassment and distress to the true person.

About the Metropolitan Police Amberhill Team

The main area of business for the Metropolitan Police Amberhill team comes from the disruption of “Identity factories”. These are premises that are run by organised crime networks for the specific purpose of producing fraudulent and counterfeit identity documents. The factories produce numerous documents, from driving licences and passports to utility bills and bank statements.

To date there have been more than 40 identity factories disrupted and the information seized is stored on Amberhill databases.



Focus On...

Council Tax Single Persons Discount Matching

In preparation for the 2011 Single Persons Discount (SPD) matching exercise there are a couple of things that we want to remind you about.

Current Exercise

“£70m”

Total SPD Fraud &
Error Identified since
March 2010

The 2009 SPD matches will continue to be available on the NFI 2008/09 website until we release the 2011 matches in February 2012.

Between now and February we are keen to ensure that your hard work on these matches is fully recognised and urge users who are still investigating matches to complete your work where possible by the end of the year to avoid overlap between the two exercises.

If you are collating outcomes off-line please ensure your overall totals are recorded in summary form on the NFI web application within the 'Report Outcome' boxes. If you need guidance on this please contact a member of the NFI Team.

Next Exercise

The Council Tax data for the next SPD exercise is due to be submitted from 17 October 2011 and the electoral register data is due from 5 December 2011. The resulting matches will be available as early as February 2012, depending on the promptness of your submissions.

This timing change will allow councils the opportunity to issue review letters to those appearing in the NFI matches before the busy billing period. The responses can then be dealt with when the billing run has been completed.

Whilst the SPD exercises are extremely productive, councils continue to miss opportunities to maximise their gains from our matches. There are many examples of councils identifying substantial outcomes in areas that others appear to have not even considered. Consequently we will be making greater efforts to encourage councils to

- Investigate fully matches with a 'HB' flag as this can lead to the identification of significant associated benefit fraud
- Pursue evidence to backdate SPD liabilities rather than just withdrawing the discounts – we have found a number of councils successfully recovering up to 10 years of SPDs in some cases
- Follow up NFI matches even when another matching exercise has taken place – our research has shown that, whilst there will inevitably be some overlap of matches, other exercises do not identify all the matches NFI has found, due to differences in both data quality and timing.

Case Study - Council Tax SPD



As part of its investigations into its NFI Council Tax Single Person Discount matches the London Borough of Brent reviewed cases and visited some properties to confirm residency. As a result the council identified 1200 people who were wrongly claiming Single Person Discount, some fraudulently. The council has identified council tax underpayments, for 2009/10 and previous years, of £800,000, which are now being recovered. It is also estimated that the Council Tax base has been increased by over £300,000.

A number of the matches highlighted related to local government employees. In one case, a relatively senior employee had failed to declare that he had been living with another person for three years. He had also failed to pay his Council Tax during this period so was in arrears. The single person discount obtained was in excess of £1,000, and is currently being recovered. Enquiries made as a result of the match led to the employee being dismissed for gross misconduct.

**“1,200
people”**
Wrongly Claiming SPD

Password Protected Data Submissions

Over the past 15 years the National Fraud Initiative has handled millions of personal data records. We are very proud of our unblemished record of never having had a data breach. However, there is no room for complacency and, being aware of ever increasing threats, we continue actively to seek more sophisticated ways of ensuring that the data you entrust to us remains secure.

Therefore, starting with the Council Tax datasets to be submitted in October 2011, you are required to password protect each dataset before it is uploaded to the NFI web application (if you do not already do so). The secure NFI 2010/11 website is already equipped to receive password protected files.

This extra layer of security is seen as good practice when handling personal data, whether it is to be shared internally or externally.

We have produced guidance to show how a file can be password protected but if, having read the guidance and shared it with relevant staff, you feel that you are unable to comply with this, please contact us immediately. The guidance can be accessed via the data file upload section of the 2010/11 NFI web application.



NFI in the News....

Mother of nine lied to get two council homes

Mary Otim was sentenced to 9 months imprisonment suspended for 18 months and ordered to undertake 200 hours of unpaid work after being found guilty of obtaining services by deception. The case first came to light through the investigation of a National Fraud Initiative housing tenancy match. Fraud investigators at Harrow Council found that their tenant had lied to secure two council houses, one in Harrow and one 120 miles away in Wolverhampton.

Harrow Crown Court heard that Otim was first assessed to be homeless by Harrow Council in 1997. She was placed on the housing waiting list and housed in temporary accommodation. Unbeknown to Harrow, she also registered as homeless in Wolverhampton in 2005, claiming she was a single mother with nine dependents.

“120 Miles”

The distance between Mary Otim's two social housing properties

She was offered a property in Wolverhampton in September 2005 and signed a tenancy agreement the following month. Had she notified Harrow Council she would have been asked to leave her temporary accommodation in Harrow and removed from the waiting list, but she failed to do so.



Otim was interviewed and admitted to having the two tenancies but claimed that the one in Wolverhampton was to house some of her children. The keys to the property in Wolverhampton have now been handed back. This home will be offered to a family on the waiting list in genuine need.

The council is also taking civil action to evict her from her three-bedroom Harrow home as she already held the Wolverhampton tenancy when it was offered to her.

Counter Fraud Prosecutions and Publicity

Publishing the stories of those who you successfully prosecute for fraud sends out a clear message that can act as a deterrent for potential fraudsters. The NFI team encourages you to publicise your successful prosecutions and we're happy to feed into this process. For example, we could provide context about the NFI for your press releases.

We would also like to hear about your successful cases directly so please email nfiqueries@audit-commission.gov.uk with the details. Alternatively, you can tick the 'interesting case' option within the outcomes box and we will pick the details up from our management information reports. We are always looking for material for future briefings, reports and presentations.



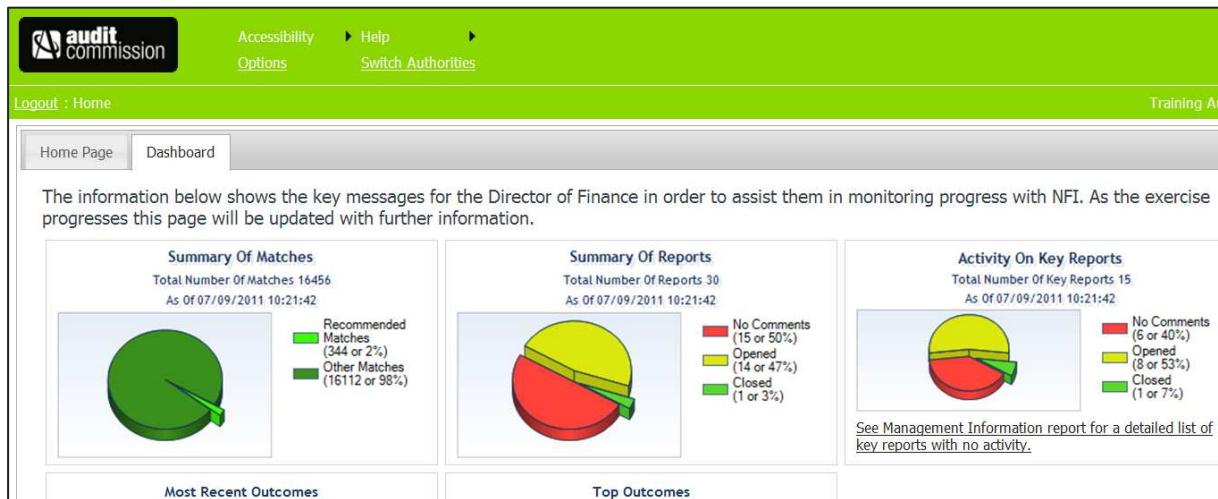
DoF Dashboard

One of our new developments to the 2010/11 web application was the introduction of the Dashboard for Directors of Finance and Key Contacts. Its purpose is to provide a quick visual representation of progress on 2010/11 NFI matches.

The current Dashboard analyses your matches over a series of pie charts, and in particular shows:

- How many recommended filter matches you have as a proportion of total matches. This gives you a quick picture of how many of your matches are 'higher risk'
- What proportion of matches have; not been opened, are open, or are closed
- A summary of progress on key reports; how many of these key reports are still not open, are open, or are closed

The Dashboard also provides links to the most recent and the highest outcomes entered into the web application. We may update the information shown on the Dashboard as the exercise progresses.



The Dashboard is accessed by clicking on the 'Dashboard' tab on the initial landing page.

Contact Your Regional Lead

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Don't forget, for technical queries about NFI you can also call the **NFI message service** on 0844 798 2222 or email the Audit Commission NFI Team at: nfiqueries@audit-commission.gov.uk