

Public Audit and Post-Legislative Scrutiny Committee
National Fraud Initiative
Submission from the Scottish Ambulance Service

The biennial data matching exercise carried out by public bodies for the prevention and detection of fraud and error was put on a statutory basis by Section 97 of the Criminal Justice and Licensing (Scotland) Act 2010. Section 97 gave statutory powers to Audit Scotland to require disclosure of data and publish reports on data matching for public bodies which are within the remit of the Auditor General or the Accounts Commission, presumably with the expectation that by enshrining this in legislation would ensure the greatest degree of compliance in the provision of the required data.

The National Fraud Initiative 2014-15 received data from 104 public bodies with only two organisations from which data was requested, both further education colleges, failing to supply any data. That would seem to indicate that putting this exercise on a statutory footing has been successful from a participation perspective however only 80% of the participating bodies were adjudged to have managed their roles in the exercise satisfactorily and that was slightly down on the previous NFI exercise with the decline in performance noted as being in the local government and NHS sectors.

More than two-fifths (41 per cent) of bodies failed to follow-up matches promptly enough, just over three-in-ten (31 per cent) public bodies audit committees reviewed the report and carried out the self-assessment contained within it and almost a quarter (23 per cent) of key contacts failed to review the report or carry out the self-assessment, so whilst there was almost 100% participation in the exercise the quality of that participation it would at first appear is in many cases far from satisfactory. It could however be the case, particularly in local government, that satisfactory alternative data matching exercises exist and are being employed to combat fraud. Thus for instance where 30 Scottish councils were provided with matches to check claimants of council tax single person discounts and 14 councils did not record any outcomes for their matches some or all of these councils could have conducted alternative data matching options to review and therefore did not need to record any results on the NFI system.

Reducing the NFI exercise outcome into a single financial figure (NFI 2014-15 £16.8m) would appear to be of questionable value, involving as it does employing estimation bases which could be subject to dispute. Take for instance the blue badges the financial outcome for this element is valued using a value of £575 applied to each cancelled blue badge that being taken from estimates of what they might illegally be resold for, obviously local authorities are not involved in the resale of blue badges and it is difficult to see why the criminal resale value of the badge

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would necessarily provide any representation of the true social cost of the badge in proper use.

The true social cost of persons improperly using a blue badge comes in the form of persons with genuine serious mobility issues being denied access to designated blue badge spaces or convenient on-street metered parking spaces, there is no particular reason why that social cost should be equated into a financial value equivalent to the illegal sale of a badge.

Quantifying the outcome in terms of the number of blue badges stopped or flagged for future checks (NFI 2014-15 being 3,073) is perhaps better than any financial quantification though it might be of benefit to provide the context of the total number of issued blue badges to highlight the potential significance of this fraud prevention measure.

Other estimation bases are also open to question being the best approximations available and the actual cash recoveries for the public purse however this is but one strand to conducting the exercise which also a preventative measure acting as a deterrent to some who otherwise might commit fraud (though it would benefit from greater awareness in the general public) and it also can highlight weaknesses in processes leading to improvements in them.

The legislation as it currently stands carries no powers of compulsion in terms of penalties or fines but rather relies on pressure from organisation's auditors and the threat of being named in the biennial report, an annual accounts audit or internal audit report. Given the almost 100% participation of bodies currently covered by Section 97 there does not seem any great requirement to strengthen the legislation in terms of compulsion, the major issues with the biennial exercise rather seem to lie in ensuring bodies satisfactorily fulfil their roles in applying the matching exercise results. It is difficult to imagine how any compulsion to better manage their roles could be incorporated into legislation and extremely dubious as to whether it would be desirable to even attempt that. If bodies are already undertaking successful alternative matching options then it is understandable as to why they might not be utilising the national exercise matches. It is important in terms of the wider public service fraud detection and prevention picture that they do provide data but how they utilise the output data, if at all, depends upon what they have chosen in terms of fraud detection and prevention and in the final instance is a local governance matter.

Section 97 provides for voluntary disclosure of data by bodies out with the remit of the Auditor General or the Accounts Commission, should other bodies be identified who might provide value in terms of widening the exercise that would be an appropriate initial way to incorporate them, if a particular group of bodies were to emerge from that voluntary disclosure path then consideration could be given to amending the legislation to formally incorporating them within the Section 97 of the Act