

Public Audit and Post-Legislative Scrutiny Committee

National Fraud Initiative

Submission from Scottish Natural Heritage

Scottish Natural Heritage has participated in the NFI since 2012/13, and therefore has a number of years of direct experience of the work.

The financial benefits of the NFI are clear. As reported by Audit Scotland (June 2016) the 2014/15 NFI exercise showed that over £4.5 million of overpayments were being recovered. Given reduced public sector funding, it is vital that any fraudulent or erroneous payments are identified and then dealt with, including criminal charges where appropriate. As well as helping protect public funds, the NFI therefore also acts as a deterrent to potential fraudsters.

In addition, the NFI reaffirms the strong message that fraud crosses organisational boundaries and that a coordinated and joined up approach must be in place across the public sector. Whilst a significant proportion of fraud or erroneous payments will relate to the benefits sector, the inclusion of other public sector bodies in the NFI raises awareness that fraud is not solely confined to traditional areas. The aim should therefore be for the NFI to cover the full remit of the public sector.

However, it is important for it to be proportionate to the level of expenditure, so smaller public bodies do not have to spend significant time preparing disclosures and then handling any subsequent data matches. The Whole of Government Accounts applies a Minor Bodies exemption, and the same approach could be applied to the NFI.

The NFI also helps organisations review their approach to fraud prevention and detection – for example, through the results provided by the NFI to each organisation and also the provision of self-assessment checklists. This helps provide senior managers and Boards with regular health checks on an organisation's counter-fraud arrangements, identifying where improvements can be made. As well as raising awareness internally, the provision of self-assessment tools also helps bring consistency across organisations in terms of leadership of fraud risk management.

Finally, the NFI represents value for money in terms of the efficiencies delivered through centralised data processing and the identification of targeted high-priority matches. Without the NFI, it would be very difficult (if not impossible) for individual organisations to undertake such data matching, and therefore fraudulent and erroneous transactions would not be able to be identified.

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