

The National Fraud Initiative

Introduction

Audit Scotland conducts data matching exercises to assist in the prevention and detection of fraud. This is one of the ways in which Audit Scotland meets its responsibility of promoting economy, efficiency and effectiveness in the use of public money.

Data matching involves comparing sets of data, such as the payroll or benefits records of a body, against other records held by the same or another body. The data is usually personal information. The data matching allows potentially fraudulent claims and payments to be identified but the inclusion of personal data within a data matching exercise does not mean that any specific individual is under suspicion. Where a match is found it indicates that there may be an inconsistency which requires further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out. The exercise can also help bodies to ensure that their records are up to date.

The processing of data by Audit Scotland (in practice the processing is undertaken by the Audit Commission on Audit Scotland's behalf) in a data matching exercise is normally carried out under the powers in Part 2A of the Public Finance and Accountability (Scotland) Act 2000. It does not require the consent of the individuals concerned under the Data Protection Act 1998.

All bodies participating in Audit Scotland's data matching exercises receive a report of matches that they should investigate, so as to detect instances of fraud, over or under-payments and other errors, to take remedial action and update their records accordingly.

Since 2000, Audit Scotland's National Fraud Initiative (NFI) has led to the detection of fraud and overpayments totalling around £58 million. Across the UK, since 1996, all such exercises undertaken by the Audit Commission have led to the detection of fraud and overpayments totalling in excess of £660 million.

Legal basis From 2010

Audit Scotland will normally conduct data matching exercises under its new statutory powers in Part 2A of the Public Finance and Accountability (Scotland) Act 2000. Previous exercises were conducted as part of the statutory audits and in accordance with duties placed on auditors by the Code of audit practice approved by the Accounts Commission and the Auditor General for Scotland (AGS).

Under the new powers:

(a) Audit Scotland may carry out data matching exercises for the purpose of assisting in the prevention and detection of fraud or other crime and in the apprehension and prosecution of offenders (the 'permitted purposes')

(b) Audit Scotland may require certain persons to provide data for data matching exercises. These persons include all the bodies to which the AGS or the Accounts Commission appoints auditors, licensing boards, and officers, office holders and members of these bodies or boards (c) other persons or bodies may participate in Audit Scotland's data matching exercises on a voluntary basis. Where they do so, the statute states that there is no breach of confidentiality and generally removes other restrictions in providing the data to Audit Scotland

(d) the requirements of the Data Protection Act 1998 continue to apply

(e) Audit Scotland may disclose the results of data matching exercises where this assists the purpose of the matching (see (a) above), including disclosure to bodies that have provided the data and to the auditors appointed by the AGS and the Accounts Commission

(f) Audit Scotland may disclose both data provided for data matching and the results of data matching to the AGS, the Accounts Commission, the Audit Commission, or any of the other UK audit agencies specified in Section 26D of the Public Finance and Accountability (Scotland) Act 2000, for the purposes described at (a) above

(g) wrongful disclosure of data obtained for the purposes of data matching by any person is a criminal offence

(h) Audit Scotland may impose reasonable charges on any body participating in a data matching exercise

(i) Audit Scotland must prepare and publish a Code of Practice with respect to data matching exercises. All bodies conducting or participating in its data matching exercises, including Audit Scotland itself, must have regard to the Code

(j) Audit Scotland may report publicly on its data matching activities.

The data that are matched and the reasons for matching For information describing which data sets are matched by Audit Scotland and the purpose of each match please refer to Audit Scotland's instructions available on the same web page as this notice and the table below which summarises the various match types for each participating organisation.

Code of data matching practice Data matching by Audit Scotland is subject to a Code of data matching practice. This may also be found on the same web page as this notice. Further information More details on Audit Scotland's data matching exercises, including national reports, other publications and guidance, may be found on the same web page as this notice.

Alternatively, please contact the senior manager (Audit Strategy and NFI), Audit Scotland, 110 George Street, Edinburgh, EH2 4LH; tel 0845 146 1010. Email enquiries should be addressed to: info@audit-scotland.gov.uk quoting 'National Fraud Initiative' in the subject line.

More information about the UK National Fraud Initiative is available on the Audit Commission's website at: <http://www.audit-commission.gov.uk/nfi/>