



**Date: 1 October 2013**

**Item 13: National Fraud Initiative Update 2012/13**

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**This paper will be considered in public**

## **1 Summary**

- 1.1 To provide the Audit and Assurance Committee with an update on the National Fraud Initiative (NFI) exercise for 2012/13.
- 1.2 A detailed summary on all the fraudulent or potentially fraudulent activities is included in Part 2 of the agenda as an appendix.

## **2 Recommendation**

- 2.1 **The Committee is asked to note the paper.**

## **3 Background**

- 3.1 The NFI is the Audit Commission's data matching exercise designed to detect fraud and erroneous payments.
- 3.2 The last NFI exercise in 2010/11 resulted in pension overpayments of £126,000 being identified through the NFI exercise, which translated into £1.5m of forward savings. There were also four employees dismissed as a result of not having the right to work in the UK and 89 Private Hire drivers who had their licences revoked for the same reason.
- 3.3 Nationally, the 2010/11 NFI exercise helped identify £229m in fraud and error, which takes the total fraud identified since NFI began in 1996 to almost £1bn.
- 3.4 The 2012/13 NFI exercise has returned just over 27,000 matches which is in line with the 2010/11 exercise, as detailed in the report to the Committee in March. The last report in June detailed the work that was underway in reviewing and clearing the above matches with significant progress noted in clearing the taxi driver matches, which resulted in 23 drivers having their licences revoked, pension matches and duplicate creditor matches, which resulted in £160,000 of duplicate payments being identified. The Committee however noted Tube Lines and Crossrail had not commenced a review of their matches so an update was requested on their progress. As detailed in this report, both bodies have now started with a review of their matches and are more than half way through the process.

## **4 Updated Results**

- 4.1 The previous report to the Audit and Assurance Committee meeting on 19 June 2013 highlighted the data quality issues with the matching of blue badge data with deceased data. Since then the Audit Commission have re-run the exercise and re-released the results. This has identified 3,686 cases where there is an open Congestion Charge exemption account but where the holder of the Blue Badge could be deceased, this compares with 2,748 matches that were returned in the last NFI exercise. The results will be reviewed over the coming months to ensure the deceased and the blue badge holder are the same individual and close those accounts that meet this criteria.
- 4.2 There have been no other new release of matches since the last report and the results remain as per the last report.

## **5 Progress Reporting**

- 5.1 This report sets out the progress made since the last report in clearing the high priority matches and detailed results are included in Appendix 1 in Part 2 of the agenda.

### **Pensions**

- 5.2 Overpayments of just over £18,000 have been identified and so far £8,000 of this has been recovered. A significant number of cases that came up on the NFI report were already notified to the Pension Fund office so did not require further investigation. However there was one case where it was identified that the date of death originally notified to the fund office was after the actual date of death. The case has therefore been referred to the TfL Fraud and Security team for investigation.

### **Creditors**

- 5.5 27 vendor accounts from a sample of 81 that were checked require deletion as they have been found to be genuine duplicate vendor accounts. In light of this result a further sample will be reviewed before deciding on the next course of action.
- 5.6 Tube Lines and Crossrail have completed the review of over half of their creditor matches and there are no issues to report to date.

### **Payroll**

- 5.7 Updated immigration status has been received from the UKBA on all matches. This has identified two employees who according to UKBA records have no right to work in the UK. This however needs to be verified with the proof of immigration status the employee holds as the UKBA responses may be based on historic data. HR Services (HRS) have requested to see the proof of immigration status held by the local managers in order to verify the true status of the employees. If this is not available then the employees concerned will be asked to provide documentary evidence to verify their immigration status.

**List of appendices to this report:**

A paper containing exempt information is included in an appendix on Part 2 of the agenda.

**List of Background Papers:**

None

Contact Officer: David Goldstone  
Number: 020 7126 4871  
Email: [DavidGoldstone@tfl.gov.uk](mailto:DavidGoldstone@tfl.gov.uk)