

**Glasgow Kelvin College**

**Audit and Risk Committee – Meeting of 16 May 2023**

**National Fraud Initiative**

**Report by Vice Principal Operations and Finance & Student Funding Manager**

**1. Introduction**

The purpose of this report is to provide members of the Audit and Risk Committee with an update in respect of College participation in the National Fraud Initiative (NFI). In Scotland, Audit Scotland lead on the NFI which is overseen by the Cabinet Office for the UK as a whole.

The NFI is a counter-fraud exercise which uses ICT systems to compare and match data sets provided by public bodies to seek to identify instances of fraud or error. Any such instances are then reported back to participants to investigate and action as appropriate.

Glasgow Kelvin College has participated in the NFI since Academic Year 2015/16 and an update was provided to the Board of Management on 14 March 2022. Prior to this, the last update was provided to the Audit and Risk Committee in June 2018. It was missed in 2020 due to all the staffing changed during that period and presented to the first available meeting when this omission was noticed, which was the March 2022 Board. We are now back into the normal NFI Audit and Risk Committee reporting cycle.

It should be noted that the exercise includes data collected in previous years as the periods overlap by a year during each data match exercise. The current matches cover the period 1 October 2019 to 30 September 2022. The 2020/21 matches covered the period 1 October 2017 to 30 September 2020.

Attached to the report are: at **Appendix 1** the completed NFI Self-Appraisal Checklists; and at **Appendix 2** a summary of the NFI database outcomes.

**2. National Fraud Initiative**

The College participates in the NFI by uploading data from its Finance and Payroll systems onto the national database. All participants in the scheme have been reassured in respect of the security aspects of this data sharing and the implications for GDPR legislation.

The Finance & Student Funding Manager has overall responsibility for reviewing the reports generated by the NFI system and undertakes this task routinely. The data shared includes mainly payments made to creditors and suppliers and members of staff. The data sets include personal information including bank accounts details.

The database system then provides reports back to the College which highlight

potential issues for further investigation. As at February 2023 170 (172 in March 2018) transactions had been highlighted as requiring further investigation. These were mainly highlighting what may have appeared to be duplicate payments to creditors.

Additionally, some queries in respect of payments to members of staff have been made which mainly relate to individuals who had been paid by another public body or were included on Companies House databases as being directors of companies.

Of the 14,117 invoice transactions uploaded to the database, 156 transactions were queried, all have been investigated and are now closed. These include both legitimate transactions and transactions where the College had already received credit notes and dealt with the issue appropriately. There was an error in the data upload which resulted in 10 VAT queries, all of which have been investigated and are also now closed. There have been no frauds identified by the NFI in the year.

Only 4 queries related to Payroll and all of these have been resolved.

Participation has provided further reassurance that College systems are operating effectively as all transactions highlighted have been found to be legitimate and properly authorised.

Inclusion of NFI will be added to the Anti-Fraud and Anti-Corruption Policy and will be presented at the next Audit and Risk Committee in September 2023.

### **3. Resource Implications**

There are some additional resource implications in respect of staff time in uploading data in both the Finance and Payroll teams. Since participation in the NFI began, this additional work has generated a small value of returned payments.

### **4. Impact on Students**

There are no negative impacts on students identified as a consequence of anything within this report.

### **5. Risk and Assurance**

Participation in the NFI contributes to the overall system of controls and checking conducted in respect of Finance and Payroll Systems reducing the risk of fraud and error. It does however create a small additional risk in respect of data security as personal data collected by the College is being shared with a third party.

### **6. Equality**

There are no adverse impacts on individuals with protected characteristics arising from the contents of this report.

### **7. Data Protection**

There are no direct data protection implications arising directly from this report. Participation in the NFI (since Academic Year 2015/16) demonstrates the Colleges

commitment to stringent data checks and provides additional assurances to the Board of Management.

## **8. Environmental and Sustainability**

There are no Environmental and Sustainability implications arising as a consequence of this report.

## **9. Recommendations**

Members of the Board of Management are recommended to note the contents of this report and the College participation in the National Fraud Initiative.

## **10. Further Information**

Members can obtain further information on the contents of this report from Jeanette Evans, Vice Principal Operations [jevans@glasgowkelvin.ac.uk](mailto:jevans@glasgowkelvin.ac.uk) or Andrea Daly, Finance & Student Funding Manager [adaly@glasgowkelvin.ac.uk](mailto:adaly@glasgowkelvin.ac.uk).

JE/AD  
May 2023

# Appendix 1

## Self-appraisal checklists

| Part A:                                                                                                                                                                                                  | Yes/No/Partly                                            | Is action required?                               | Who by and when?                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| For those charged with governance                                                                                                                                                                        |                                                          |                                                   |                                                                                                                                         |
| Leadership, commitment and communication                                                                                                                                                                 |                                                          |                                                   |                                                                                                                                         |
| 1. Are we aware of emerging fraud risks and taken appropriate preventative and detective action?                                                                                                         | Yes                                                      | No fraud has been established                     | n/a                                                                                                                                     |
| 2. Are we committed to NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?                            | Yes – VP presents a paper to the Audit & Risk Committee. | No                                                | n/a                                                                                                                                     |
| 3. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?                                                                                    | Yes - included in Privacy Notices and GDPR policies      | Yes                                               | Lisa Clark – inclusion in the Anti-Fraud and Anti-Corruption Policy – to be presented at next Audit & Risk Committee in September 2023. |
| 4. Have we considered using the point of application data matching service offered by the NFI team (AppCheck), to enhance assurances over internal controls and improve our approach to risk management? | No                                                       | No - Based on a low perceived risk or error/fraud | n/a                                                                                                                                     |
| 5. Are NFI progress and outcomes reported regularly to senior management and elected/board members (e.g., the audit committee or equivalent)?                                                            | Yes                                                      | No – outcomes reported to Audit & Risk Committee  | n/a                                                                                                                                     |

|                                                                                                                                                                                                                                          |     |                                    |     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|------------------------------------|-----|
| 6. Where we have not submitted data or used the matches returned to us (e.g. council tax single person discounts), are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are? | n/a |                                    |     |
| 7. Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?                                                                                  | Yes | No                                 | n/a |
| 8. Do we review how frauds and errors arose and use this information to improve our internal controls?                                                                                                                                   | Yes | No – based on no errors identified | n/a |
| 9. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (eg, successful prosecutions)?                                                                                                   | No  | No – based on no errors identified | n/a |

| Part B:                                                                                          |                                                                                              | Yes/No/Partly                                   | Is action required? | Who by and when? |
|--------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------------------------|---------------------|------------------|
| For NFI Key Contacts and users                                                                   |                                                                                              |                                                 |                     |                  |
| Planning and preparation                                                                         |                                                                                              |                                                 |                     |                  |
| 1. Are we aware of emerging fraud risks and taken appropriate preventative and detective action? | Yes                                                                                          | No – no significant frauds or errors identified | n/a                 |                  |
| 2. Are we investing sufficient resources in the NFI exercise?                                    | Yes – Finance & Student Funding Manager completes the exercise and has sufficient experience | No                                              | n/a                 |                  |

## Appendix 1

|                                                                                                                                                                                                                      |                                                                                                                                    |                                                   |     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|-----|
| 3. Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available? This includes considering the quality of data.                                                        | Yes – Finance & Student Funding Manager completes the exercise and has sufficient experience                                       | No                                                | n/a |
| 4. Is our NFI Key Contact the appropriate officer for that role and do they oversee the exercise properly? Are our Key Contact's details up to date on the NFI system?                                               | Yes – Finance & Student Funding Manager completes the exercise and has sufficient experience. Details are up to date on NFI system | No                                                | n/a |
| 5. Does our Key Contact have the time to devote to the exercise and sufficient                                                                                                                                       | Yes – Finance & Student Funding Manager has the authority to seek action                                                           | No                                                | n/a |
| authority to seek action across the organisation?                                                                                                                                                                    |                                                                                                                                    |                                                   |     |
| 6. Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that NFI can deter fraud and that there is value in the assurances that we can take from low outcomes? | Yes                                                                                                                                | No                                                | n/a |
| 7. Do we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements?                                                                                | Yes                                                                                                                                | No                                                | n/a |
| 8. Do we plan to provide all NFI data on time using the secure data file upload facility properly?                                                                                                                   | Yes                                                                                                                                | No                                                | n/a |
| 9. Have we considered using the point of application data matching service offered by the NFI team (AppCheck) to enhance assurances over internal controls and improve our approach to risk management?              | No                                                                                                                                 | No - Based on a low perceived risk or error/fraud | n/a |

| <b>Effective follow-up of matches</b>                                                                                                                                                              |     |                                   |     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-----------------------------------|-----|
| 10. Do all departments involved in NFI start the follow-up of matches promptly after they become available?                                                                                        | Yes | No                                | n/a |
| 11. Do we give priority to following up high-risk matches, those that become quickly out-of-date and those that could cause reputational damage if a fraud is not stopped quickly?                 | Yes | No – no fraud identified          | n/a |
| 12. Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?                                                                              | Yes | No                                | n/a |
| 13. (In health bodies) Are we drawing appropriately on the help and expertise available from NHS Scotland Counter Fraud Services?                                                                  | n/a |                                   |     |
| 14. Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Procurator Fiscal)? Are we recovering funds effectively? | Yes | No – based on no fraud identified | n/a |
| 15. Do we avoid deploying excessive resources on match reports where early work (e.g., on high-risk matches) has not found any fraud or error?                                                     | No  | No                                | n/a |
| 16. Where the number of high-risk matches is very low, are we adequately considering the medium and low-risk matches before we cease our follow-up work?                                           | Yes | No                                | n/a |
| 17. Do we follow up matches which indicate a customer may be eligible for a benefit or service which they currently do not receive?                                                                | n/a |                                   |     |
| 18. Overall, are we deploying appropriate resources on managing the NFI exercise?                                                                                                                  | Yes | No                                | n/a |

| Recording and reporting                                                                                                                                                                              |                                                                                                        |    |     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|----|-----|
| 19. Are we recording outcomes properly in the secure website and keeping it up to date?                                                                                                              | Yes                                                                                                    | No | n/a |
| 20. Do staff use the online training modules and guidance on the secure website, and do they consult the Cabinet Office NFI team if they are unsure about how to record outcomes (to be encouraged)? | Yes – the college has contacted the NFI helpdesk in the past for guidance and attended online training | No | n/a |
| 21. If, out of preference, we record some or all outcomes outside the secure website, have we made arrangements to inform the Cabinet Office NFI team about these outcomes?                          | n/a                                                                                                    |    |     |

## NATIONAL FRAUD INITIATIVE 2022/2023

05-May-2023

AUTHORITY SUMMARY: Glasgow Kelvin College

| No.          | Report Name                                                                                                     | Total<br>Recommended | Total All  | Status | Processed  | In Progress | Frauds   | Errors   | Savings     |
|--------------|-----------------------------------------------------------------------------------------------------------------|----------------------|------------|--------|------------|-------------|----------|----------|-------------|
| 66<br>High   | Payroll to Payroll, high quality,<br>between bodies                                                             |                      | 1          | Opened | 1          | 0           | 0        | 0        | £0.00       |
| 80<br>High   | Payroll to Creditors, same bank<br>account, within bodies                                                       |                      | 1          | Opened | 1          | 0           | 0        | 0        | £0.00       |
| 708<br>High  | Duplicate records by invoice amount<br>and creditor reference                                                   |                      | 155        | Opened | 155        | 0           | 0        | 0        | £0.00       |
| 709<br>High  | VAT overpaid                                                                                                    |                      | 10         | Opened | 10         | 0           | 0        | 0        | £0.00       |
| 711<br>High  | Duplicate records by supplier invoice<br>number and invoice amount but<br>different creditor reference and name |                      | 1          | Opened | 1          | 0           | 0        | 0        | £0.00       |
| 750<br>High  | Procurement - Payroll to Companies<br>House (Director), high quality, within<br>bodies                          |                      | 2          | Opened | 2          | 0           | 0        | 0        | £0.00       |
| <b>TOTAL</b> |                                                                                                                 |                      | <b>170</b> |        | <b>170</b> | <b>0</b>    | <b>0</b> | <b>0</b> | <b>0.00</b> |

**IMPORTANT : This summary includes matches that occurred in previous years.**