Prepared by Audit Scotland | August 2026

National Fraud Initiative in Scotland 2026/27

Self-appraisal checklist

Background

1. The National Fraud Initiative (NFI) in Scotland is a biennial counter-fraud exercise led by Audit Scotland and overseen by the Public Sector Fraud Authority (PSFA) who coordinate the exercise across the UK as a whole. It uses computerised techniques to compare information held by different public bodies, and on different financial systems, to identify matches that might suggest the existence of fraud or error.

2. The NFI is an integral part of counter-fraud governance arrangements across the public sector and remains vitally important at a time of ongoing financial pressure. It is one of the ways that Audit Scotland helps ensure that public bodies work better together to target resources and make financial management more effective.

3. Around 1,000 public bodies across the UK participate in the NFI, including most bodies with auditors appointed by the Auditor General for Scotland and the Accounts Commission. Details of bodies mandated to participate in the exercise can be found in our Instructions for participants.

4. More information about the NFI is available on our counter-fraud hub.

Self-appraisal checklist

5. We encourage all participating bodies to use this checklist to self-appraise their involvement in the NFI prior to and during the NFI exercises.

- Part A is designed to assist audit committee members (or equivalent) when reviewing, seeking assurance over, or challenging the effectiveness of their body's participation in the NFI.
- Part B is for staff involved in planning and managing the NFI exercise.

Part A: For those charged with governance	Yes/no/partly	Is action required?	Who by and when?
Leadership, commitment and communication			
1. Are NFI participation and delivery arrangements considered as part of a wider fraud risk assessment process?			
2. Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?			
3. 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?			
4. Does our NFI Key Contact have sufficient authority and time to ensure that NFI is delivered effectively?			
5. Has the approach to follow-up of different NFI match types been clearly set out and reported as part of the NFI planning process?			
6. Does the approach to follow-up optimise the use of available resources to address risks and maximise savings?			
7. Are NFI progress and outcomes reported regularly to senior management and elected/board members (eg, the audit committee or equivalent)?			
8. Where we use a third-party provider for matching and follow-up of council tax single person discounts, and not the NFI, have we considered sharing the NFI matches with them?			
9. Do we review how frauds and errors arose and use this information to improve our internal controls?			
10. Do we have access to suitably qualified fraud investigation resources to ensure suspected frauds can be investigated thoroughly and promptly?			
11. Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (eg, successful prosecutions)?			

Part B: For NFI Key Contacts and users	Yes/no/partly	Is action required?	Who by and when?
Planning and preparation			
1. Are arrangements in place to meet fair processing notice requirements, and will we be in a position to confirm that using the online NFI declaration?			
2. Are arrangements in place to enable mandated data sets to be extracted and submitted in line with the required data specifications and submission timetable?			
3. Has the NFI data quality report produced for the previous exercise been reviewed and any issues arising addressed?			
4. Do we understand the reasons for low or nil outcomes from the previous exercise?			
5. Did the auditors identify any significant issues with our delivery of the 2024/25 NFI and have these been addressed?			
Effective follow up of matches			
6. Is there a clearly articulated approach to the review and follow-up of matches which optimises the use of available resources to address risks and identify savings?			
7. Will we be in a position to review payroll to payroll matches immediately and initiate follow-up of any full-time to full-time matches as appropriate?			
8. Does our proposed approach to the review of creditors matches ensure that all matches with the same invoice date and very similar supplier invoice references will be followed up?			
9. Have responsibilities for the review and follow-up of pecuniary interest reports been set out?			
10. Have responsibilities for the review and follow-up of matches in other data match areas been allocated and do staff involved understand the planned approach?			
			Cont.

Part B: For NFI Key Contacts and users	Yes/no/partly	Is action required?	Who by and when?
11. 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?			
Recording and reporting			
12. Are we recording outcomes properly in the secure website and keeping it up to date?			

Suggestions for improving efficiency and effectiveness

6. Audit Scotland continues to encourage organisations to review and investigate NFI matches efficiently and effectively. This enables them to make better use of their limited resources.

Area	How to work more efficiently
Address data quality issues highlighted within the web application Data Quality Module before the next NFI exercise	Review the quality of the data supplied before the next exercise as external providers normally have to phase-in changes to extraction processes. Better data quality will improve the quality of resulting matches.
Use the NFI software efficiently	Ensure staff involved in the NFI keep up to date with new features of the web application and good practice, by reading the guidance notes and watching the online training modules before they begin work on the matches.
Act upon the matches that are time critical, to identify overpayments at an early stage	Key Contacts should schedule staff resources to deal with time critical matches. Review payroll to payroll matches as soon as reports become available and follow-up all full-time to full-time matches immediately. Housing benefit to students matches should also be prioritised.
Coordinate investigations across internal departments to avoid duplication of effort or delays in identifying overpayments	Key Contacts should ensure that investigations across internal departments are coordinated, eg organise joint investigation of single person discount matches involving housing benefit.
Respond to enquiries from other organisations that take part in the NFI promptly	The web application shows the number of shared comments which require a response (Outstanding Actions). These responses should be prioritised if they relate to an ongoing investigation so that it can be progressed promptly.
Prioritise employee fraud recovery and the use of civil sanctions	Develop capability and capacity to pursue fraudsters, ensuring that investigations are not abandoned if the individual resigns, leaves the property, etc. Seek, through collaborating with law enforcement and the courts, the recovery of defrauded funds.

Source: Adapted from a PSFA checklist

AUDIT SCOTLAND

Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500
www.audit.scot