

National Fraud Initiative in Scotland

Privacy notice



 AUDIT SCOTLAND

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Accessibility

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National Fraud Initiative (NFI) – privacy notice

Introduction

1. Audit Scotland is committed to ensuring that public money is spent well to meet the needs of Scotland's people. In [Public audit in Scotland 2023–28](#) we set out this vision alongside our mission to provide clear, independent and objective assurance on how effectively public money is being managed and spent. The National Fraud Initiative (NFI) in Scotland is one of the ways that we do this, helping to ensure that public bodies work better together to target resources and make financial management more effective.
2. The NFI is a counter-fraud data matching exercise across the UK public sector. The Public Sector Fraud Authority oversees the NFI across the UK and Audit Scotland leads the exercise in Scotland. It remains a very successful example of efficient joined up working among public bodies to secure improved financial controls and measurable savings.
3. Total cumulative outcomes from the NFI in Scotland, since its start in 2006/07, amount to around £180 million. UK wide cumulative outcomes identified since 1996 are now approaching £3 billion.
4. Article 14 of UK GDPR requires Audit Scotland to issue a privacy notice (also known as a fair processing notice or privacy statement) which sets out how we will process personal data as part of the NFI.

What is data matching?

5. Data matching involves comparing datasets, such as an organisations payroll or council tax discount records, with each other and with records submitted by other participating bodies to identify potential fraud. The NFI constitutes automated profiling as defined in Article 4, paragraph 4 UK GDPR.
6. The data matching allows potentially fraudulent claims and payments to be identified. Where two or more records are matched to indicate an inconsistency, further investigation is required. No assumption can be made as to whether there is fraud, error or other explanation.
7. All bodies participating in Audit Scotland's data matching exercises receive a report of matches. Bodies then investigate the matches, so as to detect instances of fraud, over or under-payments and other errors, and take remedial action and update their records accordingly.

8. Details of the main match types and the organisations to which they apply can be found in the [Appendix](#).

What is the statutory basis for the NFI?

9. Under the powers of Part 2A of the Public Finance and Accountability (Scotland) Act 2000, 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').

10. Audit Scotland may require certain persons to provide data for data matching exercises. These persons include all the bodies to which the Auditor General for Scotland (AGS) or the Accounts Commission appoints auditors; licensing boards; and officers, office holders and members of these bodies or boards.

11. 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 it generally removes other restrictions in providing the data. However, UK GDPR still applies.

What is the Code of Data Matching Practice?

12. Scotland must prepare and publish a Code of Practice with respect to data matching exercises.

13. The Code sets out the principles and practices that should be adopted by those taking part in the NFI and other data matching exercises undertaken by Audit Scotland. Key aspects of the Code include examples of how individuals should be informed that their personal information will be used for data matching and how data will be submitted by, and returned to, participating bodies using a secure online system, for example.

14. All bodies conducting or participating in its data matching exercises, including Audit Scotland itself, must have regard to this Code of Data Matching Practice. The Code can be found on our [website](#).

Which bodies participate in the NFI?

15. Audit Scotland currently requires 110 bodies to provide data for the NFI in Scotland:

- Local Government – 32 councils plus Tayside Contracts and the Strathclyde Partnership for Transport.
- Health – 22 NHS boards (additionally the SG submit data for the Mental Welfare Commission).

- Central Government – 35 CG bodies submit data in their own name (the SG submission includes data for another 15 CG bodies who share their financial systems).
- Colleges – 19 incorporated colleges.

16. Audit Scotland also provides its own payroll and creditors datasets together with those for the Accounts Commission.

17. A number of housing associations have been invited to participate in the 2024/25 NFI on a voluntary basis and we may undertake pilot exercises with other public sector bodies. A list of all participants can be found on our [website](#).

18. Similar bodies participate in the NFI in other parts of the UK with data matching taking place across borders and between all participating bodies. The Cabinet Office accept personal information on a voluntary basis from private sector pension schemes, housing associations, Insurance Fraud Bureau, Synectic's Solutions Limited SIRA and LexisNexis Risk Solutions and credit reference agencies, for example. The Cabinet Office Privacy Notice can be found [here](#).

With whom will we share information?

19. Personal information will only be shared for NFI purposes to prevent and detect fraud.

20. Data is submitted by participating bodies directly to the Cabinet Office's data matching provider Synectics Solutions, using a secure online portal with two factor authentication.

21. Some data is provided to the Department for Work and Pensions for matching and also the HMRC who match the data against their own records and append information for upload back to NFI.

22. The results of data matching are shared with participating bodies where matches occur via the same secure online portal.

23. Match results are also shared with the auditors of participating bodies in Scotland where they are appointed by the Auditor General for Scotland or the Accounts Commission.

24. Audit Scotland may also disclose both data provided for data matching and the results of data matching with the AGS, the Accounts Commission, the Cabinet Office, or any of the other UK audit agencies specified in Section 26D of the Public Finance and Accountability (Scotland) Act 2000.

25. The Cabinet Office also provides search access to NFI data with Synectics Solutions Limited SIRA and with LexisNexis Risk Solutions Ltd for them to use in their anti-fraud data matching services. Where personal data is used for these purposes, Synectics Solutions and LexisNexis Risk

Solutions are the responsible data controllers and their privacy notices can be found here:

- <https://www.synectics-solutions.com/privacy-policy>
- <https://risk.lexisnexis.com/corporate/data-privacy>.

26. Personal data collected during the NFI is not sent outside the UK.

27. Wrongful disclosure of data obtained for the purposes of data matching by any person is a criminal offence.

What personal data is processed?

28. The NFI processes information that you may provide when making a claim or applying for:

- Personal budget for social care
- Pension
- Taxi Driver Licence
- Market Trader licence (provided by councils on a voluntary basis)
- Personal Alcohol licence (provided by councils on a voluntary basis)
- Social Housing (current tenants and individuals on a housing waiting list)
- Blue Badge (disabled parking)
- Adult Concessionary Bus Travel
- Council Tax Single Person Discount
- Council Tax Reduction Scheme
- Housing Benefit
- Other State Benefits
- Student finance
- Non-domestic rates relief.

29. The NFI also processes information that you may provide:

- When seeking payment of an invoice from an organisation that takes part in the NFI. This is referred to as trade creditor standing and payment history data.

- When seeking payment for employment from an organisation that takes part in the NFI. This is referred to as payroll data.
- When registering to vote. This is referred to as Electoral Register data.
- In relation to your business rates.
- In relation to residents in a private care home supported by an organisation that takes part in the NFI.
- In relation to short-term rental of housing (potential pilot exercise).

30. Data specifications setting out exactly what data we process in the above areas can be accessed from the Audit Scotland [website](#).

Criminal convictions

31. Should data matching through the NFI result in a prosecution, then this may also be recorded by participating organisations. This information is for recording of outcomes purposes and will not be shared further.

Special categories of personal data

32. Included in the above are certain special categories of personal information as defined by Article 9 of the UK GDPR and Chapter 2 Section 10 of the DPA 2018:

- Housing benefit and student loan data includes an indicator of physical or mental health or condition. This disability flag, which does not identify the specific condition, is required as disability has an impact upon a student's entitlement to claim housing benefit.
- The personal budget (direct payment), residential care home and social care matches use data relating to individuals who have a specified range of social care needs. While we do hold information on the recipients of these services, we do not hold information on medical conditions or support needs.
- We collect information on blue badge holders (and applicants). While we do not hold information on the medical condition that entitles the individual to a badge, we do know who has a badge.
- We collect prescription exemption claim information on patients. While we do not hold information on the medical condition that resulted in the individual being issued with a prescription, we do know who has applied for an exemption from paying for a prescription.
- We collect information of applications for Scottish benefits. While we do hold information on the recipients of benefits, we do not hold information on any medical conditions or support needs.

How long will data be held?

33. Personal data will not be kept for longer than is necessary. A Data Deletion Schedule setting out the criteria for retaining and deleting data and matches is published by the Cabinet Office on [GOV.UK](https://www.gov.uk).

Is processing of personal data lawful under UK GDPR?

34. Processing of personal information is for the purpose of prevention and detection of fraud. The NFI has a statutory basis under Part 2A of the Public Finance and Accountability (Scotland) Act 2000.

35. The UK GDPR lawfulness principle that permits Audit Scotland to process personal data is that of public task (Article 6(1)(e)). Processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the data controller [Audit Scotland].

36. Bodies submitting personal data on a voluntary basis may also cite the legitimate interest lawfulness principle (Article 6(1)(f)), for example.

37. Data is processed in a transparent manner and this Privacy notice helps discharge that responsibility. Participating bodies are also required to issue their own Privacy notices and must comply with a Code of Data Matching Practice for which Audit Scotland is responsible.

38. Processing is undertaken on a fair basis and does not require the consent of the individuals concerned under UK GDPR.

39. Audit Scotland's legal basis for processing criminal convictions data is sections 6 and 10 of schedule 1 to the Data Protection Act 2018.

What are your rights under UK GDPR?

40. Individuals whose data is included in a data matching exercise have rights under current data protection legislation. The participating body, as part of Data Matching Practice, will have provided individuals with a privacy notice containing information required by data protection legislation.

41. Individuals have rights under current data protection legislation if data held about them is inaccurate. They should be able to check the accuracy of their data by contacting the participating body holding the data.

42. Individuals should not expect to be told about data or data matches concerning any other person unless that person has given consent, as this is likely to amount to a breach of data protection principles.

43. Information requests under the [Freedom of Information \(Scotland\) Act 2002](https://www.gov.uk) may be subject to the law enforcement exemption in Section 35, for example where its disclosure would be likely to prejudice substantially the

prevention and detection of a crime or the apprehension or prosecution of an offender, or the personal information exemption under Section 38. These determinations should be made on a case-by-case basis by the participating body in receipt of the request for information.

44. Individuals who want to know whether their data is to be included in a data matching exercise can check the data specifications for each exercise in Audit Scotland's instructions. The most up-to-date instructions can be found on Audit Scotland's [website](#) or by contacting Audit Scotland (see [paragraph 49](#) for contact details).

What if you want to complain or object to processing?

45. Audit Scotland strives to process NFI data lawfully, fairly and in a transparent manner. For this reason, we take any complaints we receive about this very seriously. We encourage people to bring their complaints to our attention if they think our processing of NFI data is unlawful.

46. If you want to make a complaint about the way we have processed your personal information, you can contact our data protection officer at dataprotection@audit-scotland.gov.uk.

47. If you are not satisfied with our response to your complaint/query about how we handle your personal data, or if you believe we are not processing it in accordance with the law, you can complain to the Information Commissioner's Office (ICO) at <https://ico.org.uk/make-a-complaint/>

48. More details on Audit Scotland's data matching exercises, including national reports, other publications and guidance, may be found on the Audit Scotland website at <https://audit.scot/what-we-do/counter-fraud>.

49. Alternatively, please contact, Audit Scotland, 4th Floor, 102 West Port, EDINBURGH, EH3 9DN; telephone 0131 625 1500. Email enquiries should be addressed to info@audit.scotland.gov.uk quoting 'National Fraud Initiative' in the subject line.

50. More information about the UK National Fraud Initiative is also available on the Cabinet Office's [website](#).

Appendix

The main match types and the organisations to which they apply (NFI 2024/25)

Match type	Councils	Others
Pensions to:		
Deceased persons	Yes	Yes
Payroll	Yes	Yes
Housing benefits	Yes	Yes
Injury benefits	Yes	Yes
Amberhill ¹	Yes	Yes
Deferred pensions to:		
Deceased persons	Yes	Yes
Housing benefits to:		
Student loans	Yes	
Housing benefits	Yes	
Housing tenancy	Yes	
Right to buy	Yes	
Licences	Yes	
Deceased persons	Yes	
Amberhill	Yes	
HM Revenue and Customs (earnings, employment, and household composition data)	Yes	

¹ Amberhill is a system used by the Metropolitan Police to authenticate documents presented for identity verification.

Match type	Councils	Others
Payroll to:		
Payroll	Yes	Yes
Pensions	Yes	Yes
Amberhill	Yes	Yes
Housing tenancy to:		
Housing tenancy	Yes	
Housing benefits	Yes	
Right to buy	Yes	
Amberhill	Yes	
HM Revenue and Customs (household composition and property ownership data)	Yes	
Housing waiting list to:		
Waiting list	Yes	
Housing benefits	Yes	
Housing tenancy	Yes	
Deceased persons	Yes	
Amberhill	Yes	
Personal Budgets (Direct Payments) to:		
Personal budgets	Yes	
Pensions	Yes	
Housing benefits	Yes	
Deceased persons	Yes	
Amberhill	Yes	
Student loans to:		
Deceased persons		SAAS only
Amberhill		SAAS only

Match type	Councils	Others
Creditors to:		
Creditors	Yes	Yes
Payroll	Yes	Yes
Private Residential Care Homes to:		
Deceased persons	Yes	
Amberhill	Yes	
Parking Permits to:		
Deceased persons	Yes	
Amberhill	Yes	
Blue badges to:		
Deceased persons	Yes	
Amberhill	Yes	
Concessionary travel permits to:		
Deceased persons	Yes	
Council tax single person discounts to:		
Electoral register	Yes	
HM Revenue and Customs (household composition data)	Yes	
Other datasets	Yes	
Council tax reduction to:		
Council tax reduction	Yes	
Payroll	Yes	
Pensions Payroll	Yes	
Housing Benefits	Yes	
Housing Tenancy	Yes	
Right to buy	Yes	
Licences	Yes	

Match type	Councils	Others
Deceased persons	Yes	
Amberhill	Yes	
HM Revenue and Customs (earnings, employment, and household composition data)	Yes	
Licences to		
Amberhill	Yes	
Non-domestic rates to:		
Non-domestic rates	Yes	
Non-domestic rates relief	Yes	
Companies House	Yes	

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