Archwilio Cymru
Audit Wales

National Fraud Initiative Self-Appraisal Checklist

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About the National Fraud Initiative

1 The National Fraud Initiative (NFI) is a biennial UK-wide counter-fraud exercise. It uses computerised techniques to compare information about individuals held by different public bodies, and on different financial systems, that might suggest the existence of fraud or error.

2 Fraud, error and overpayment outcomes valued at £8.7 million were recorded by participants for the NFI 2024-25 exercise. Beyond any financial savings, the benefits of participation and reviewing data matches include the assurances that NFI results can provide around systems of internal control. NFI results may also highlight areas for improvement.

3 The Public Sector Fraud Authority (PSFA) – part of the UK Government's Department for Work and Pensions – oversees the NFI across the UK. Audit Wales leads the exercise in Wales under the Auditor General's powers in the Public Audit (Wales) Act 2004. The Auditor General's Code of Data Matching Practice summarises the key legislation, and controls, governing the exercise in Wales.

4 The Auditor General has mandated that unitary local authorities, NHS bodies, police forces, and fire and rescue authorities participate in the NFI. Other organisations participate on a voluntary basis, such as the Welsh Government and some Welsh Government arm's length bodies.

5 Information about the NFI is also available on the Audit Wales website.

About this document

6 The NFI is one aspect of an organisation's counter-fraud arrangements. We have prepared this checklist to help participating bodies self-appraise how they are engaging with the NFI.

7 We encourage all participating bodies to complete the checklist and present it to those charged with governance to support scrutiny of their NFI arrangements.

Self-appraisal checklist

		Yes / Partly / No	Comments / action required	If action is required, who by and when?
Leadership, commitment, and communication				
1	Are we committed to the NFI? Has the council / board, those charged with governance and senior management expressed support for the exercise and has this been communicated to relevant staff?			
2	Have we committed specific resources to support the overall management of the NFI? If information is available, how much time was spent by the Key Contact on the last exercise, and how much has been allocated for the next exercise?			
3	Is our NFI Key Contact the appropriate officer for that role, ie has sufficient authority to ensure the NFI exercise is delivered effectively?			
4	Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?			
Planning and preparation				
5	Do we plan properly for all aspects of the NFI exercise and set our own internal deadlines?			
6	For the NFI 2026-27 exercise, did we provide all NFI data on time?			

		Yes / Partly / No	Comments / action required	If action is required, who by and when?
7	For the NFI 2026-27 exercise, did we confirm promptly (using the online facility on the secure website) that we have met the fair processing notice requirements?			
8	Do we review our Data Quality results before starting our investigations?[1]			
9	Do staff take time to read the guidance that is provided on how to follow up the NFI matches (which are especially important for those users encountering the NFI for the first time), and do they consult the NFI team if they are unsure about how to record outcomes?			
10a	Have we considered using the point of application data matching service offered by the NFI team (AppCheck) to improve internal controls and prevent fraud and error from happening?			
10b	If not using AppCheck, is there a clear rationale for this?			
Effective follow-up of matches				
11	Have we documented our approach for risk assessing data match reports and investigating data matches?[2]			

[1] The Data Quality module could indicate that there are issues with the data submitted that may have affected some of the matches. The module can be accessed from the relevant National Exercise page of the web app.

[2] We do not expect organisations to look at every data match or report. Instead, they should prioritise which matches to look at and the order in which they are followed up. They may want to assess your matches by fraud risk area and then by match risk scores. Alternatively, they may want to set up bespoke filters using the filter tool. Matches not investigated should be Closed – Not Selected for Investigation.

		Yes / Partly / No	Comments / action required	If action is required, who by and when?
12	Does our approach give priority to local fraud risks?[3]			
13	Does our approach 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 or error is not stopped quickly?[4]			
14	Are sufficient resources and expertise available at the right time to maximise the outcomes of the NFI exercise?[5]			
15	Does the Key Contact coordinate investigations across internal departments to prevent duplication of effort or delays in identifying overpayments and ensure all relevant actions are taken, for example, organising joint investigation of single person discount matches involving housing benefit?			

[3] We suggest that the NFI Key Contact (with support from Internal Audit/Counter Fraud) should review the organisation's overall control environment and systems. Existing internal audit reports and/or your organisation's risk register should assist this review. We advise prioritising data match reports that are linked to areas that have unknown or weak internal controls or areas that have had historical instances of fraud. Organisations should also look back to see which reports in a previous exercise gave them outcomes.

[4] Use the tools within the web application, such as the filter and sort options or data analysis software, to help prioritise matches deemed the highest risk.

[5] When nominating users to investigate matches, organisations should choose the person with the most knowledge about the dataset. For example, trade creditors matches are best dealt with by a nominated person in internal audit or the accounts payable team. We also suggest assigning a user to act as lead dataset contact for each dataset your organisation submits, so that, if necessary, other NFI participants can contact the most suitable person to assist their investigation. If organisations do not nominate a lead dataset contact, the default contact will be the Key Contact.

		Yes / Partly / No	Comments / action required	If action is required, who by and when?
16	(In health bodies) Are we drawing appropriately on the help and expertise available from NHS Counter Fraud Service Wales?			
17	Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?			
18	Do we review how frauds and errors arose and use this information to improve our internal controls?			
19	Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Police or NHS Counter Fraud Service Wales) or errors are identified, eg recovering funds?			
20	Do we respond promptly to enquiries from other organisations that take part in the NFI?[6]			
Recording and reporting				
21	Are we recording outcomes properly in the secure website and keeping it up to date?			
22	Do we provide appropriate and regular feedback to senior management, board / council members and those charged with governance on NFI activity and outcomes?			

[6] 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.

		Yes / Partly / No	Comments / action required	If action is required, who by and when?
23	Do we provide those charged with governance assurances that the reasons for fraud and error happening are understood and that action is taken to address them and improve internal controls?			
24	Where we have not submitted data or not used the matches returned to us, eg council tax single person discounts, are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?			
25	Do we publish, as a deterrent, internally and externally the outcomes of the NFI exercise?			
26	If, out of preference, we record some or all outcomes outside the secure website, have we made arrangements to inform the NFI team about these outcomes?[7]			

[7] Although preferable for all NFI work to be recorded within the secure web application, we appreciate there may be instances when organisations need to do work on the matches outside it. As soon as data is extracted from the secure NFI web application organisations are responsible for the security of the data, including avoiding inappropriate disclosure and ensuring it is destroyed when no longer needed. Therefore, we only advise exporting data when it is essential to do so.



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.