



NATIONAL FRAUD INITIATIVE (NFI) - PROCESS PRIVACY NOTICE

REASON FOR NOTICE

This privacy notice describes how Scottish Water collects and processes Personal Data - meaning any information relating to an identifiable person ("Personal Data") that is processed under our legal obligations with the National Fraud Initiative (NFI).

Scottish Water is a public corporation created by the Water Industry (Scotland) Act 2002, which provides water and waste water services in Scotland. There are a number of other trading companies that form part of Scottish Water's group of companies.

Public bodies spend billions of pounds of taxpayers' money for the benefit of the Scottish population. Public spending systems are complex and mistakes can happen. Some people also seek to exploit the systems and fraudulently obtain services and benefits to which they are not entitled.

Fraud does not recognise organisational or geographic boundaries. Sharing data allows organisations to match data held in different systems in their own organisation and held in other organisations.

The National Fraud Initiative (NFI) exercises significantly contribute to the security and transparency of public sector finances. Public bodies' participation in the NFI helps confirm that services are provided to the correct people and helps reduce fraud and error.

Audit Scotland, working closely with public bodies, auditors and the Cabinet Office, commence NFI data sharing and matching exercises every 2 years.

The National Fraud Initiative (NFI) is run in collaboration with The Auditor General, the Accounts Commission and Audit Scotland who work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.

This notice applies to Personal Data we process as follows, which is subsequently shared with the NFI every 2 years:

- Payments made to our suppliers, customers and others such as interviewees (Trade creditors)
- Payments made in relation to our employees and board members expenses (Payroll)

We collect and process your personal data as above for the purposes of ensuring payment and these processes are identified within our published corporate privacy notices.

This retrospective notice is to specifically outline how we then subsequently process some of that data under the NFI.

Further information on the NFI can be found at:



http://www.audit-scotland.gov.uk/uploads/docs/um/nfi_privacy_notice_2018.pdf

<http://www.audit-scotland.gov.uk/our-work/national-fraud-initiative>

This notice demonstrates our commitment to being transparent about how and why we collect and use your Personal Data and your rights in relation to it.

WHEN WE COLLECT YOUR PERSONAL DATA

We collect Personal Data about you to facilitate payments due to suppliers, customers or others; such as interviewees, that are made through our Accounts Payable processes. (refer to our corporate privacy notice on our Scottish Water website)

We collect Personal Data about you to facilitate the management of your employment with us and to make payments for expenses due to our employees and board members. (refer to our privacy notice on our Scottish Water Intranet)

This data is collected during the creditor's payment or employment lifecycle.

Some of this data is then subsequently submitted every 2 years under the NFI through extracts of relevant data previously processed as above for the 2 years preceding the NFI deadline.

The Information Commissioner's privacy notice guidance on where you should deliver privacy notices acknowledges that there can be circumstances where, for whatever reason, a privacy notice could not be given at the time of the original collection of the data. In these cases the guidance states that participants should explain how the information has been used at an appropriate point later on.

This privacy notice will be published internally and externally in advance of any data provided to Audit Scotland for NFI and for our employees additional notices will be provided with payslips.

WHAT TYPES OF PERSONAL DATA WE SUBMIT

The following data is requested by NFI and is submitted via secure methods to their secure portal.

Payroll Data Specifications

Field Name	Data Format	Comments
Employee reference number	Character	
Employee post number	Character	Leave Blank if n/a
Department	Character	Department where employee works e.g. Social Services, Education
Title	Character	
Gender	Character	
Surname	Character	
Forename	Character	Please ensure you capture any middle name(s) or initial(s). You can provide this in a separate Middle name(s) or middle initial(s) field or in the 'Forename(s)' cell if preferred.



Middle name(s) or middle initial(s)	Character	
Address Line 1	Character	
Address Line 2	Character	
Address Line 3	Character	
Address Line 4	Character	
Postcode	Character	
Unique Property Reference Number (UPRN)	Character	This new field should significantly improve address matching.
Date of Birth	Date	
Home Telephone Number	Character	
Mobile Telephone Number	Character	
E.mail address	Character	
Passport Number	Character	
Date started	Date	
Date left	Date	Included as an independent check that only current employees are included
Leaver Indicator	Character	Included as an independent check that only current employees are included
National Insurance Number	Character	
Full time / Part time flag	Character	Character Insert 'F' for full time (employed for 30 or more hours per week), 'P' for part time (less than 30 hours a week) or 'C' for Casual/As-and-when employees.
Gross pay to date	Numeric	This should be gross pay to date NOT taxable pay to date for the 2018/19 financial year up to date of extract. Do not submit a record if this field is zero.
Standard hours per week	Numeric	e.g. 16 hours as 1600
Date last paid	Date	
Teacher Flag	Character	Insert 'T' for a teacher
Bank Sort Code	Character	6 numeric characters in groups of 2 which may be separated by hyphens, e.g. 20-45-23.
Bank Account	Character	Usually 8 numeric characters
Building Society Roll Number	Character	Building society roll number Character Building societies have a roll number where payments are disbursed to after being paid into a single account

Trade Creditor Data Specifications

Field Name	Data Format	Comments
Creditor Reference	Character	This is the unique identifier for

		an individual creditor. This can be in the form of a numeric or alpha numeric string.
Site ID	Character	If Creditors have more than one address, there should be a different record for each but separately identifiable via this Site ID ¹
Creditor Name	Character	
Address Line 1	Character	If the address is held in a single field, use the Address 1 field.
Address Line 2	Character	
Address Line 3	Character	
Address Line 4	Character	
Postcode	Character	
Unique Property Reference Number (UPRN)	Character	This new field should significantly improve address matching.
Telephone Number	Character	This may or may not have the area/STD code. It should be output as a character field so the leading zeros are not lost.
Bank Sort Code	Character	6 numeric characters in groups of 2 which may be separated by hyphens, e.g. 20-45-23.
Bank Account	Character	Usually 8 numeric characters
Building Society Roll Number	Character	Building society roll number Character Building societies have a roll number where payments are disbursed to after being paid into a single account. This should be blank for normal bank accounts
Creditor Type ²	Character	Character For example, '0 = trade creditor, 1 = benefits, 2 = payroll, 3 = factor, 4 = grants, 5 = temporary/one-off, etc. Then provide a key to the codes used. If this type of identifier is not available from the system it would be to your advantage to populate this field to enable you to filter the output more easily and focus resources on what you may deem to be the most worthwhile matches.

Trade Creditors Payment History

Field Name	Data Format	Comments
Creditor Reference	Character	This is the same reference as shown in the standing data



SW Public- Published

Version: V1.0 Approved

Owner : CorporateDataCompliance

Review Date: (2020) 2 years at next NFI submission

		specification. See note below 1 regarding inclusion of a Site ID.
Site ID	Character	If Creditors have more than one address, there should be a different record for each but separately identifiable via this Site ID ¹
Suppliers invoice number	Character	This should be the reference shown on the supplier's invoice – usually a number but may have alpha prefixes or suffixes.
Internal/system invoice number	Character	Most systems generate a unique, sequential transaction number so all invoices, credit notes, payments, etc. can be separately identifiable.
Invoice Date	Date	This should be the date on the invoice, but could be the date of input if the invoice date is not available
Payment Date	Date	Date If the invoice has not been paid then leave blank. In those cases, if your system displays a default date in this field and therefore you can't leave it blank, please tell us what the default date is.
Total Invoice Amount	Numeric	The 'total invoice amount' is inclusive of VAT, less any discount. However, some systems hold VAT exclusive amounts, with the VAT figure held separately. In this case these figures should be added together to produce the 'total invoice amount'
VAT amount	Numeric	This should be separately identifiable for each invoice but could be nil if invoice is zero rated, exempt or outside the scope of VAT.
Method of payment	Character	e.g. BACS, cheque, cash, payable order etc. If codes are used, a 'key' to the codes should be sent with the data submission.
Payment reference number	Character	This field should contain the cheque, payable order (PO) or BACS reference number by which the invoice was paid. This means that invoices that have been paid together would have the same cheque/PO/BACS



		number.
Remarks	Character	This field can be used as a free text field to include information that may assist you when investigating matches.

WHY WE SUBMIT YOUR DATA –

We are obliged to provide information to Audit Scotland in terms of section 26D of the Public Finances and Accountability (Scotland) Act 2000 (as amended).

The relevant sections are noted below and that Act provides Scottish Water with a lawful basis of processing but does not affect the requirement for us to comply with data protection laws.

Therefore, we will only disclose personal data in accordance with data protection laws – in this case only if it is to assist in the prevention and detection of fraud or another permitted purpose, to investigate and prosecute an offence, for the purpose of disclosure to an auditor or otherwise as required by statute. We do not require data subjects to consent.

We will be regarded as the data controller and Audit Scotland will be a data processor.

Public Finance and Accountability (Scotland) Act 2000

PART 2A

DATA MATCHING

26A Power to carry out data matching exercises

- (1) Audit Scotland may carry out data matching exercises or arrange for them to be carried out on its behalf.
- (2) A data matching exercise is an exercise involving the comparison of sets of data to determine how far they match (including the identification of any patterns and trends).
- (3) The power in subsection (1) may be exercised for one or more of the following purposes—
 - (a) assisting in the prevention and detection of fraud,
 - (b) assisting in the prevention and detection of crime (other than fraud),
 - (c) assisting in the apprehension and prosecution of offenders.
- (4) A data matching exercise may not be used for the sole purpose of identifying patterns and trends in a person's characteristics or behaviour which suggest the person is likely to commit fraud in the future.

26D Disclosure of results of data matching

- (1) This section applies to the following data—
 - (a) data relating to a particular person obtained by or on behalf of Audit Scotland for the purpose of carrying out a data matching exercise, and
 - (b) the results of such an exercise.
- (2) Data to which this section applies may be disclosed by or on behalf of Audit Scotland if the disclosure is—
 - (a) for, or in connection with, a purpose for which a data matching exercise is carried out,
 - (b) to a Scottish audit agency, or a related party, for, or in connection with a function of that audit agency under—
 - (i) Part 2 of this Act, or
 - (ii) Part 7 of the Local Government (Scotland) Act 1973 (c.65) (finance),

The National Fraud Initiative (NFI) is a data matching exercise which matches electronic data within and between participating bodies to prevent and detect fraud. The Code of Data Matching Practice sets out further guidance on data governance which all public bodies participating in data matching must have regard to.



Audit Scotland

2. Audit Scotland carries out data matching under part 2A of the Public Finance and Accountability (Scotland) Act 2000. This legislation provides that Audit Scotland may carry out data matching exercises, or arrange for them to be carried out on its behalf. The Cabinet Office's NFI team carries out the matching work on our behalf and Audit Scotland prepares a report on the results.

The Cabinet Office

3. The Cabinet Office processes the data for NFI in Scotland on behalf of Audit Scotland, and provides its secure website and NFI application for participating bodies and auditors in Scotland to use.

4. The Cabinet Office prepares instructions for participants which are available on its website.

WHO CAN ACCESS IT –

The information contained within the NFI system is covered by the Data Protection Act, the Code of Data Matching Practice and HM Government Security Policy. Only authorised users are permitted to access the system and users must ensure that they use the system appropriately and in accordance with the guidance supplied to them. Any information accessed, downloaded or printed from the system must be handled in line with the Data Protection Act and the Cabinet Office Security Policy Framework (SPF).

Users and authorities must ensure that any information exported from the system is handled in line with HMG requirements for handling Personal and Protectively Marked information.

Scottish Water ensures all access to Personal Data within our systems is restricted to the appropriate people where relevant to their job e.g. Payroll & Accounts payable staff, Internal Audit staff

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- Our Internal Audit function has unrestricted access to all Personal Data where appropriate, such as during a fraud investigation;
- Privileged access to Personal Data is enabled for approved staff where they are required to provide systems administration, data management, analytics, security or access management;
- Robust privileged access controls are in place and verified on a regular basis;
- Unstructured digital files, such as documents or spreadsheets, that contain personal or sensitive Personal Data are saved in secure storage and only accessible to people with approved access;
- Physical documentation archived into our corporate storage facility is secured and accessible only by approved staff;
- Internal email is password controlled and best practice is actively encouraged to ensure any attached Personal Data is password protected;
- Personal Data sent out with Scottish Water by email has attachments secured.

HOW WE PROCESS PERSONAL DATA

Data Requirements and Upload

Data is provided from the Payroll and Accounts Payable systems using three pre built reports.

1. Payroll data is provided for all Scottish Water current employees reflected on the September payroll. Note if fields are not populated on the SW payroll system they do not need to be provided. An example is passport number and Unique Property Reference.
2. Creditor Standing data is provided for all creditors on the Accounts Payable system at the date of extraction. It should exclude dormant or suspended creditors.
3. Trade creditor's payments history data for the 2018 submission covers the period 1 October 2015 to 30 September 2018. This has an overlap to the previous exercise which covered payment history from 1 October 2013 to 3 October 2016. Where there has been a change in creditors system then, as a minimum payment history data for 1 April 2018 to 30 September 2018 can be accepted.



All data is retrieved from the system direct using pre-built reports and saved in the prescribed format in a secure folder within Scottish Water which can only be accessed by approved Payroll, Accounts Payable, Treasury and Internal Audit staff. The files are saved as text files and password protected using propriety software - WinZip.

The password protected WinZip files are then submitted by the Payroll Manager via the Data File Upload (DFU) facility to the NFI site. This is now the only acceptable method to supply data. If another submission method is used Audit Scotland policy is to inform the Director of Finance that data has been put at risk unnecessarily.

Access to the NFI secure site is controlled by Head of Internal Audit (Senior Responsible Officer) and Tax, Treasury & Insurance Manager (Key Contact) both of whom have permanent access to the password controlled site.

Payroll Manager access is provided only for a short window when the data loads take place and is then removed. Access is also available for one nominated person within the People Directorate to act as the HR contact point for the sole purpose of reviewing the matches in that area.

Follow-up Procedure – Tax, Treasury & Insurance

The results available on the NFI website are categorised across a number of reports. The table below identifies the report title and description as per the 2016/17 NFI exercise. It is anticipated that the 2018/19 exercise will be similarly structured.

The reports relating to payroll are downloaded into an excel format by the nominated People Directorate employee.

These are reviewed within the People Directorate and results reported to Internal Audit who review for accuracy. People Directorate updates the match reports on the NFI website with the audited results of their investigations.

Other bodies participating in the NFI exercise will receive matches from their data e.g. if an employee of SW also works as a retained fire officer. Requests for information on working practices such as sick leave are seen as alerts on the NFI website and referred to People Directorate for review.

Creditor reports are downloaded into an excel format by Tax, Treasury & Insurance Manager and password protected. The files for the 2016/17 exercise were saved in a secure area within Accounts Payable with restricted access for 3 AP team members, Internal Audit and the Tax, Treasury & Insurance Manager.

The creditor follow-up is detailed and will involve a review of all requisitions, Purchase Orders and Supplier Invoices or Self Bills. Supplier invoices will be downloaded from the e-invoicing system or manually sourced from the Accounts Payable office. The investigation is undertaken simultaneously by Accounts Payable and Internal Audit to ensure every match has been subject to audit review.

External Auditors also review the results and report on both the matches and SW approach to the investigation to Audit Scotland. Files with personal information will only be shared with external audit via their secure portal.

The audited results of all the match follow-up including the sample requested by Internal Audit are updated on the NFI website by the Tax, Treasury & Insurance Manager.

Report Title / Report Description
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Payroll to Payroll - Identifies employees who appear in the payroll of more than one organisation.
Payroll to Pensions - Identifies employees who are also receiving pension payments from a public sector pension scheme.
Payroll to Creditors - Identifies instances where an employee and creditor are linked by the same bank account or the same address to identify employees with interests in companies with which Scottish Water is trading. This may indicate potential undeclared interests and possible procurement corruption or where a member of staff has set up a creditor with their own bank details in order to receive payments they are not entitled to.
Payroll to Companies House (creditor link)
Payroll to Companies House (address link)
Duplicate Creditors by Creditor name - Identifies instances where the same supplier has been set up with more than one reference number on the system thus increasing the potential for creditors to obscure fraudulent activity.
Duplicate Creditors by Address detail - Identifies multiple creditors operating at the same address. These may represent simple errors, where the same creditor may have been set up twice using a slightly different spelling, for example LIMITED and LTD, or an attempt to obscure fraudulent activity.
Duplicate Creditors by Bank Account Number -Identifies where the same bank account details appear on more than one record. Of particular interest is where the same bank details are shown against suppliers with different names. These may indicate where a supplier has changed trading name but the standing data has not been updated to reflect this or there are links between companies with different trading names.
Duplicate records by amount and creditor reference - Identifies possible duplicate payments in excess of £1,000 that may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.
Vat overpaid - Identifies instances where VAT may have been overpaid
Duplicate records by invoice number and amount but different creditor reference and invoice number - Identifies possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.
Duplicate records by postcode, invoice date and amount but different creditor reference and invoice number - Identifies possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.
Duplicate records by postcode, invoice amount but different creditor reference and invoice number and date - Identifies possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.

Follow-up Procedure – Internal Audit

Objective

Audit Scotland normally makes the data match reports available, through the NFI portal, in late January. Internal Audit is responsible for reviewing the vendor and supplier payment data match reports to identify possible duplicate payments and investigate any unusual transactions.

Preparation work

Copies of the original match reports are saved into Internal Audit's secure area to maintain the original audit trail. Working spreadsheets are then created with the key information fields and additional columns added to capture the outcomes from the audit review process. All files are password protected.

Accounts Payable arrange for copies of all invoices to be scanned in advance of the review work, excluding those suppliers on e-billing, as their invoices are readily available via the Financial system. All files are password protected.

Communication and awareness

Internal Audit issue a notice to all staff via the internal intranet to advise that the bi-annual NFI exercise is due to commence and that Internal Audit may be in touch to clarify any queries.



A second notice is published when the exercise is completed to report on the findings.

Reporting timelines

The NFI data matches and results from the internal audit review are reported to Audit Committee. The first reference is in the August Audit Committee (the year before the NFI review is due). Thereafter, there are progress updates at the March and May Audit Committees respectively with the Final NFI Internal Audit report included in the following August Audit Committee

Joint review – Internal Audit and Accounts Payable

Audit Scotland has determined a de minis value of £10,000 for data matches which must be investigated and outcomes reported formally in the NFI portal. Internal Audit complete sample checks of matches below the £10,000 limit and this approach was agreed with our External Auditors during the first exercise in 2014/15. Internal Audit and Accounts Payable undertake a joint review of the data matches with Internal Audit forming an opinion on whether the match is valid or requires further investigation. Internal Audit is responsible for following up on queries and deciding what additional investigation work is required to confirm the authenticity of any data matches. Each match is determined to be valid or recorded as a duplicate payment. If a duplicate payment is identified Internal Audit checks that a refund has been received into SW's bank account or request Accounts Payable to request a refund from the supplier.

Vendor data matches

There are 3 vendor match reports (701, 702 & 703) and these are checked in conjunction with Accounts Payable, who manage the vendor database. The vendor details are checked to determine if there is a valid reason for a duplicate or if corrective action is required to remove the duplicate. If the data match volumes are relatively small, then all are checked. Otherwise samples of 20 are selected from each report to check.

Creditor data matches

All credit matches above £10,000 are reviewed to determine if there has been a duplicate payment. In addition samples of matches below £10,000 are selected from the main report (#708) which returns very high volumes of matches. The audit review considers the details on the invoices or payment certificates to determine if there has been a duplicate payment made. If the information available is inconclusive then the approver should be contacted to provide further information/ evidence to make a call on the validity of the duplicate payment.

The review work distinguishes between a duplicate payment and a duplicate invoice. A duplicate payment requires to be corrected and a refund sought from the supplier. Refunds are checked with the Treasury Team to confirm the monies have been received into the bank account. If a refund has not been received advise Accounts Payable to contact the supplier for a refund. A duplicate invoice is where there are 2 identical invoice and 1 credit and the invoice and credit are processed at the same time so that 2 payments are not made to the supplier.

Reporting

Internal Audit report the review findings to Audit Committee, update the findings in the Quarterly Audit Report and prepare a Final Internal Audit Report for the business.

ID	Report Title	Review process
66	Payroll to Payroll	HR to review all
78	Payroll to Pensions	HR to review all
80	Payroll to Creditors Key Report	AP and IA to review
81	Payroll to Creditors	AP and IA to review
750	Payroll to Companies House (creditor link)	HR to review all
752	Payroll to Companies House (address link)	HR to review all
701	Duplicate Creditors by Creditor name	AP and IA to review
702	Duplicate Creditors by Address Detail	AP and IA to review
703	Duplicate Creditors by Bank Account Number	AP and IA to review
707	Duplicate records by reference, amount and creditor reference Key Report	AP and IA to review
708	Duplicate records by amount and creditor reference Key Report	AP and IA to review
709	Vat overpaid	AP and IA to review
711	Duplicate records by invoice number and amount but different creditor reference and name	AP and IA to review
712	Duplicate records by postcode, invoice date and amount but different creditor reference and invoice number	AP and IA to review
713	Duplicate records by postcode, invoice amount but different creditor reference and invoice number and date	AP and IA to review

WHO WE SHARE YOUR DATA WITH –

Requested data as outlined within this notice is shared via the secure portal for the specific purposes of the NFI matching exercise. It is shared internally within Scottish Water to only approved individuals.

The results of data matching are subsequently shared with other participating organisations for investigation via the NFI exercise and some additional data exchanges may take place during investigations for mis-matches with those organisations and Scottish Water.

Scottish Water will never disclose any of the data or matching results with any other organisation not participating within the NFI or who have been identified as part of the matching process.



HOW LONG DO WE KEEP HOLD OF YOUR DATA –

- We aim to retain Personal Data only for as long as we need it for the purpose it was provided;
- We aim to retain the data related to the NFI exercise for 2 years until the next exercise is complete;
- The NFI remove all data from their portal & destroy after 3 months on the closure of the exercise.

TRANSFERS OF PERSONAL DATA OUTSIDE OF THE EU

We will not share with any third party that is not within the EU. We do have individuals who are out with the EU who can access our systems that contain Personal Data. This access is only approved for the purposes of system maintenance and support.

We host our Personal Data within Scottish Water data centres or out with Scottish Water on other UK or EU data centres. We have robust contractual arrangements with third parties addressing data protection.

CHANGES

From time to time, we may amend this notice to reflect changes in our business, changes in the law, or to make it easier to find, or for other reasons. We will do this by posting the amended notice on our intranet or external website. Please check to ensure you are aware of the latest version.

YOUR RIGHTS

Individuals to whom data relates are called “data subjects” and have rights that include:

- to request from us a copy of any Personal Data we hold about you;
- to fix Personal Data that is not accurate; and
- to remove Personal Data in certain circumstances, where this does not breach any legal, regulatory, safety, security or core operational requirement.

Please refer to the Subject Rights area on our website or intranet for a full list of data subjects’ rights and to initiate a request. We aim to meet all data subject rights requests within a 30 day period and we will not charge you for this.

You have the right to make a formal complaint to the Information Commissioner’s Office (ICO).

CONTACT US REGARDING YOUR DATA

- Email us: – corporatedatacompliance@scottishwater.co.uk
- Write to us: – Head of Corporate Data & Compliance, Scottish Water, Castle House, Carnegie Campus, Dunfermline, KY11 8GG
- If you have an informal complaint write to: Data Protection Officer, Scottish Water, Castle House, Carnegie Campus, Dunfermline, KY11 8GG or email DPO@scottishwater.co.uk
- Subject Rights: please utilise the request processes under the Subject Rights area on our intranet